FBIS DAILY REPORT

CONTENTS

Eastern Europe

Vol II No 243

18 December 1985

BULGARIA

Army Daily Links Shultz European Tour, SDI C 1
[Neykova in NARODNA ARMIYA 14 Dec]
1986 Uniform Social-Economic Plan Adopted C 2
[RABOTNICHESKO DELO 14 Dec]
New State Budget Approved and Published C 2
[RABOTNICHESKO DELO 14 Dec]

CZECHOSLOVAKIA

PRC's Li Peng Continues Official Visit D 1
Talks With Husak D 1
Meets Slovak Premier D 1
Leaves CSSR for Bulgaria D 1
Visit Confirms Ties' Revival D 1
[Suchanek]
Warsaw Pact Seeks Agreement at Vienna MBFR Talks D 2
[Havran in Bratislava PRAVDA 9 Dec]
Strougal Economic Report to 28 Nov CPCZ Session D 4
[RUDE PRAVO 30 Nov]

HUNGARY

Further Reportage on Shultz Visit to Budapest F 1
More on Press Conference F 1
Continuity of Relations Lauded F 2
[Szaniszlo in MAGYAR HIRLAP 16 Dec]
Pozsgay Report to People's Front Congress F 4
Kadar Comments on Economic Reform's Outlook F 11

POLAND

Urban Says U.S. Diplomat Travel Problems 'Untrue' G 1
Gdansk Voivodship Committee Secretary Replaced G 1
Politburo Discusses Draft PZPR Program G 1
Reportage on Visit by GDR's Erich Honecker G 2
Honecker, Delegation Arrive [ADN] G 2
Begins Talks With Jaruzelski [ADN] G 2
Cooperation Accord Signed [ADN] G 2
Communique Issued [ADN] G 2
Honecker Ends Visit; Departs [ADN] G 6
Further on Arrests of Solidarity Members [ORF] G 6
Report on Walesa, Current Solidarity Status G 6
[Jeannee in NEUE KRONEN-ZEITUNG 15 Dec]
Economic Developments in 1985 Reported G 7

ROMANIA

Defense, Metallurgical Ministers Replaced H 1
Vaduva To Visit USSR in Latter Part of Dec H 1
GNA Proceedings Resume 17 Dec, Bills Presented H 1

YUGOSLAVIA

Further Reportage on Shultz Visit, Meetings I 1
Talks With Dizdarevic I 1
More on Dizdarevic-Shultz Talks I 1
[Kovacevic]
Luncheon Toasts Exchanged I 2
Talks With Vlajkovic I 3
Meets Planinc I 4
Planinc Hosts Dinner I 4
Shultz News Conference I 5
Departure for Washington I 6
Commentator Reviews Visit I 6
[Kovacevic]
Shultz 'Disappointed' at SFRY Terrorism Stance I 7
[AFP]

ARMY DAILY LINKS SHULTZ EUROPEAN TOUR, SDI

AU171042 Sofia NARODNA ARMIYA in Bulgarian 14 Dec 85 p 4

[From Maria Neykova's "Weekly International Review" -- "Western Europe and 'Star Wars'"]

[Text] "We have entered a particularly important period, one which involves responsibility, when words, intentions, and political declarations must be implemented in specific decisions and deeds. As you understand, we are talking about decisions that are likely to contribute to the well-balanced coordination of Soviet-American relations, about the general improvement of the worldwide political atmosphere." These words, pronounced by Mikhail Gorbachev, general secretary of the CPSU Central Committee, in closing his dinner speech at the annual meeting of the American-Soviet Trade and Economic Council, appeared as fresh confirmation of the inseparable links between the words and deeds of the USSR leaders. In receiving the chairman of the French National Assembly, Mikhail Gorbachev announced that the Soviet Union had implemented its decision of withdrawing [da sneme ot boyno dezhurstvo] the formerly additionally deployed SS-20 missiles from the European zone and that the equipment [suorazheniya] mounted on them had been dismantled.

This is the spirit and this should be the essence of the most strongly desired and most ardently awaited news following the Geneva meeting. This is why the unwillingness of certain circles in the United States and Western Europe to consider the demands of our era and the hopes of millions of people throughout the world is disappointing and alarming.

The signing of a "memorandum on cooperation" between the United States and Great Britain in working out the U.S. President's Strategic Defense Initiative [SDI] has taken place. Following this Neil Kinnock, opposition Labor Party leader in Britain, called the SDI "a deceiving, destabilizing, and dangerous initiative," as well as "the greatest obstacle to the limitation of nuclear arms."

The U.S. secretary of state's European tour began, traditionally, in London. For quite understandable reasons he set forth new arguments in support of the SDI in the British capital. Shultz declared that the intiative is closely linked to America's "readiness to jeopardize its own security to the advantage of yours (namely the West Europeans' security -- NARODNA ARMIYA)." This is quite a new factor in the propaganda of the "star wars" program -- namely the fact that it is being presented as a possibility for defending the West European allies of the United States by medium-range missiles. Britain is supposed to be an example of a country which will benefit from the new arguments. This is so, because the FRG Government is expected to announce its decision in connection with SDI shortly before the Christmas holidays, because the visit of Paul Quiles, the French minister of defense who went overseas this week, shows that the United States has not given up hope that France will join the SDI program. This is so because the champions of "star wars" in the United States are trying to present the program as the "beginning of a leap into the future," without which technological progress is impossible, and as a remedy for several problems of capitalism.

The governments of the West European U.S. allies will adopt their own decision on whether they wish to join this program, a program which in the long run means the militarization of outer space. However, in adopting this decision they must evaluate the entire responsibility which they are assuming as regards their own peoples.

1986 UNIFORM SOCIAL-ECONOMIC PLAN ADOPTED

AU161522 Sofia RABOTNICHESKO DELO in Bulgarian 14 Dec 85 p 1, 2

["Law on the Uniform Plan for the Social-Economic Development of the People's Republic of Bulgaria during 1986"]

[Text] Article 1. The National Assembly, in accordance with the decisions of the February BCP Central Committee Plenum and on the basis of the successes achieved during the Eighth 5-Year Plan and the new international and internal conditions in the development of the country, adopts the following basic indices for the social-economic development of the People's Republic of Bulgaria during 1986:

The following are to increase compared to 1985: national revenue, by 4 percent; social productivity of labor, by 4.5 percent; the volume of production in planned industry, at comparable prices, by 0.5 percent; foreign trade exchange, by 5 percent.

The volume of capital investments in 1986 is to reach 9,150 million leva.

At least 3.1 percent of the national revenue will be used to develop science and application activities in 1986.

Article 2. To ensure the further complex satisfaction of the people's material and spiritual needs in 1986, the following will increase compared to 1985: real income per capita, by approximately 2 percent; public consumption funds, by 6 percent per capita; the volume of retail goods turnover, by 4.5 percent; the volume of consumer services, by 9.5 percent.

In 1986 57,400 new dwellings are to be built. The necessary conditions are to be created for further development of science, education, and culture.

Article 3. The Council of Ministers will organize the implementation of the Uniform Plan for the People's Republic of Bulgaria's Social-Economic Development during 1986, with special attention to: restructuring the national economy in accordance with the modern scientific-technical revolution; the fulfillment of the basic development tasks in technology and equipment, especially in the introduction of electronics, new materials, and biotechnologies; the implementation of the new approach to drawing up material balances on the basis of the achievements of scientific and technical progress; the most rational use of material, foreign exchange, and financial resources; the concentration of capital investments and the acceleration of the commissioning of the basic funds; and the consistent application of the science of economics and its mechanism.

Article 4. A recommendation, addressed to the National Council of the Fatherland Front, the Central Council of the Bulgarian Trade Unions, the Central Committee of the Dimitrov Komsomol Youth Union, the Central Council of the Scientific-Technical Unions, the Presidium of the Union of Scientific Workers, and the leaderships of the other public organizations and movements, calls for their active assistance, the state organs and economic organizations to promote nationwide socialist competition for accelerated application of scientific-technical achievements and front-ranking domestic and foreign experience, for the opening up of all reserves for the universal intensification of production and the increase of social labor productivity, for improving the quality of products, for the most economic and complete use of material resources, and for cutting out waste in the national economy, to ensure the fulfillment of the tasks arising from the Uniform Plan for the Social-Economic Development of the People's Republic of Bulgaria in 1986.

Concluding Decree

The implementation of this law is entrusted to the chairman of the Council of Ministers.

NEW STATE BUDGET APPROVED AND PUBLISHED

AU161632 Sofia RABOTNICHESKO DELO in Bulgarian 14 Dec 85 p 1, 2

["Law on the 1986 State Budget of the People's Republic of Bulgaria"]

[Text] Section I. 1986 State Budget of the People's Republic of Bulgaria

Article 1. The 1986 budget of the People's Republic of Bulgaria is approved as follows:

Total Revenue, 19,505.8 million leva
Total expenditure, 19,490.8 million leva
Excess of revenue over expenditure, 15.0 million leva

Article 2. In the revenue section of the state budget, incoming payments from profits and other income from the socialist economy are set at a total amount of 17,969.6 million leva.

Article 3. In the expenditure section of the state budget, outgoings, apart from the amounts provided for this purpose by the branch ministries and other government departments from their own means, are set as follows:

1. For building up the material-technical base of the power industry, metallurgy, machine building, transport and other branches of the national economy -- at 9,122.5 million leva;

2. For the development of science, culture, education, and for health protection and social security -- 7,158.3 million leva, of which 3,494.6 million leva is allocated for the budgets of the state and social security and of the council for mutual insurance of the members of labor-production cooperatives;

3. For the maintenance of the state authority organs, state administration, courts and the office of the state prosecutor -- at 328.4 million leva.

Article 4. The 1986 budget of the Republic, including the interrelations with the budgets of the people's councils, the budget of the state and social security and the budget of the council for mutual insurance of the members of labor-production cooperatives, is approved as follows:

Total revenue, 13,794.6 million leva
Total expenditure, 13,779.6 million leva
Excess of revenue over expenditure, 15 million leva

Article 5, The overall budgets of the people's councils by okrugs are approved as follows:

Okrugs	Total Revenue and Expenditure, Million Leva
Blagoevgrad	140.4
Burgas	180.9
Varna	178.8

Okrugs	Total Revenue and Expenditure, Million Leva
Veliko Turnovo	134.6
Vidin	73.0
Vratsa	101.4
Gabrovo	86.7
Kurdzhali	163.5
Kyustendil	83.7
Lovech	88.9
Mikhaylovgrad	91.2
Pazardzhik	118.9
Pernik	86.1
Pleven	116.3
Plovdiv	246.4
Razgrad	105.1
Ruse	111.3
Silistra	83.0
Sliven	106.8
Smolyan	101.1
Sofia City	705.3
Sofia Okrug	131.8
Stara Zagora	151.9
Tolbukhin	111.4
Turgovishte	89.0
Khaskovo	136.7
Shumen	119.7
Yambol	93.7
TOTAL	3,937.6

Section II. Accountability Report on Execution of the 1984 State Budget of the People's Republic of Bulgaria.

Article 6. The accounts on the execution of the 1984 state budget of the People's Republic of Bulgaria are approved as follows:

1. Total Revenue 17,478.7 million leva
   including:
   revenue from the national economy 16,048.8 million leva

2. Total expenditure, 17,356.8 million leva
   including:
   (a) expenditure on the national economy 8,784.0 million leva
   (b) expenditure on education, science, culture, health protection and social security, which includes the following amount for budgets of the state social security and the council for mutual insurance of the members of labor-production cooperatives 6,068.1 million leva
   2,966.0 million leva
   (c) expenditure on the maintenance of the organs of state authority, state administration, the courts and the office of the state prosecutor 297.0 million leva

The accounts of the execution of the total budgets of the people's councils for 1984 by okrugs are approved as follows:

Okrugs	Revenue	Expenditure
	(million leva)	
Blagoevgrad	137.1	135.6
Burgas	193.8	184.1
Varna	180.7	178.8
Veliko Turnovo	140.0	139.1
Vidin	73.4	71.5
Vratsa	102.2	98.5
Gabrovo	89.3	87.5
Kurdzhali	117.3	116.0
Kyustendil	85.6	82.8
Lovech	84.4	84.4
Mikhaylovgrad	82.7	78.0
Pazardzhik	117.4	112.8
Pernik	79.5	78.6
Pleven	121.9	118.7
Plovdiv	268.6	266.2
Razgrad	82.3	81.1
Ruse	112.1	109.5
Silistra	76.5	73.4
Sliven	112.2	109.5
Smolyan	98.6	97.6
Sofia City	688.5	681.9
Sofia Okrug	133.2	129.3
Stara Zagora	160.0	157.0
Tolbukhin	102.0	101.0
Turgovishte	74.4	73.5
Khaskovo	131.0	129.4
Shumen	95.3	93.5
Yambol	97.9	97.2
TOTALS	3,838.9	3,766.1

Additional and Concluding Decrees

The Council of Ministers is to allocate the budget of the Republic to ministries and other government departments and, if necessary, may make changes to the total budgets of the people's councils by okrugs.

The chairman of the Council of Ministers is entrusted with the execution of the law.

PRC'S LI PENG CONTINUES OFFICIAL VISIT

Talks With Husak

LD161529 Prague Domestic Service in Czech and Slovak 1430 GMT 16 Dec 85

[Text] President of the Republic Gustav Husak received in Prague Castle today Li Peng, vice premier of the PRC State Council. The two statesmen briefed each other on the situation in their respective countries and on long-term prospects for future economic development. They evaluated existing Czechoslovak-Chinese relations, which have recently achieved much in various areas of social life, especially in the sphere of economic cooperation. They confirmed the interests of both sides in the continuation of this positive development on a stable, long-term, and mutually advantageous foundation. They also stressed that fruitful cooperation, its intensification and enrichment of the economic, scientific, technological, trade, and other areas bring further benefit to the people of both countries and contribute to the enhancement of knowledge about each other and understanding.

While exchanging views on international issues, Gustav Husak and Li Peng stressed that the principal task of the present is to prevent the threat of a nuclear catastrophe from becoming a reality, achieve progress in the endeavor to halt the arms buildup on earth and prevent it from spreading into space, and achieve a return to the policy of relaxation of tension and friendly relations among nations.

Meets Slovak Premier

LD172323 Bratislava Domestic Service in Slovak 2030 GMT 17 Dec 85

[Text] Slovak Premier Peter Colotka today received in Bratislava Li Peng, deputy chairman of the PRC State Council, and acquainted him with the economic and social development of Slovakia, particularly in the time of its socialist construction, and described to him the results that our society achieved in the Seventh 5-Year Plan and also the activity in the current state of preparations for the coming CPCZ congress. The two representatives also praised the results hitherto achieved in Czechoslovak-Chinese cooperation, in particular in the sphere of the economy, and underlined the importance of its promotion to the benefit of the peoples of the two countries.

Leaves CSSR For Bulgaria

LD181115 Prague Domestic Service in Czech and Slovak 1100 GMT 18 Dec 85

[Text] Li Peng, vice chairman of the PRC State Council, ended his visit to Czechoslovakia today and left for Sofia. He was seen off at Bratislava Airport by Minister Vladimir Janza, deputy chairman of the State Planning Commission, and other representatives.

Visit Confirms Ties' Revival

LD171341 Prague in Czech and Slovak to Europe 2230 GMT 16 Dec 85

[Commentary by Editor Milan Suchanek on the visit to CSSR by Li Peng, vice premier of the PRC State Council]

[Text] This visit is a confirmation of the revival of Czechoslovak-Chinese relations, which are assuming a new look following a period of stagnation.

After all, this mutually beneficial process is based on good experiences from many years of cooperation, dating from the outset of building the socialist economy in the PRC. At that time, in the fifties, Czechoslovakia shared in the construction of more than 100 industrial plants. The majority of them are still in operation today, which in itself testifies to the quality and reliability of the equipment supplied.

Today, too, Czechoslovak industry with its production structure offers supplies to China for the development of those branches that are to develop most rapidly, in accordance with the intentions of the Chinese economists. This concerns primarily the power industry and transportation.

New possibilities also exist in scientific and technological cooperation, as last week's visit to Beijing by Czechoslovak Deputy Premier Jaromir Obzina showed. In addition, Czechoslovak Deputy Premier Jaromir Obzina showed. In addition, Czechoslovakia will cooperate in the modernization of the industrial capacities constructed some years ago with our assistance.

This is all included in a document signed in Prague yesterday by Li Peng, vice premier of the PRC State Council. It envisages that overall turnover of goods exchanges will amount to 5 billion Swiss francs during the next 5-year period. The most important group of Czechoslovakia's exports to the PRC, in terms of volume, is engineering products, primarily the Tatra and Liaz trucks and machine tools. Equipment for the power industry, too, will rank among important items.

It thus comes as no suprise that Czechoslovak Premier Lubomir Strougal and Li Peng, vice premier of the PRC State Council, expressed appreciation during their talks in Prague of this new trend in the development of relations; it is a consequence of the relations of traditional friendship between the peoples of the two countries.

WARSAW PACT SEEKS AGREEMENT AT VIENNA MBFR TALKS

AU101213 Bratislava PRAVDA in Slovak 9 Dec 85 p 2

[Michal Havran article: "Following the 37th Round of the Vienna Negotiations on the Reduction of the Number of Troops and Armaments: The Marathon Is Being Prolonged"]

[Text] It took the Western participants in the Vienna negotiations on the reduction of the number of troops and armaments in central Europe from February until December to respond to the exceptionally significant proposal of the socialist countries. They timed their answer literally for the last day of the closing session of what is already the 37th round of the laborious disarmament marathon. With its next round at the beginning of January, the Vienna talks will enter their 12th year. The response of the West to the offer of the socialist states provides no prospect that an agreement could be reached in the foreseeable future, no prospect that would reduce the level of confrontation between the troops of the two blocs. Thus far, the reply of the West gives no reason for optimism, even though one would think that following the meeting between Mikhail Gorbachev and Ronald Reagan in Geneva, a certain warming-up would also occur at the disarmament sessions in Vienna. However, nothing like that has happened so far.

The proposal that the socialist countries presented last February envisages the conclusion of an agreement on an initial reduction of the number of troops and armaments of the Soviet Union and the United States, and the freezing of the military potentials of the other participants in the negotiations.

The West's reaction was truly shrewd. Since it could not resort to evasion because the proposal is immensely flexible and takes into consideration the West's previous reactions, the representatives of the capitalist bloc seemingly accepted the proposed scheme of the initial partial agreement. But they did so in an original manner -- a thing they had tried many times in the past already. Their answer was roughly as follows: We agree, yes, we agree, but....

And this constitutes the whole problem. They tried to phrase their answer so as not to guarantee a genuine reduction of military confrontation at the boundary of the two political-social systems. In its full nakedness, the answer really looks like this: They accept the idea of the conclusion of an initial partial agreement. But with reservations. The socialist countries proposed to reduce the number of troops of the Soviet Union and the United States by 33,000 men. The West does not agree to that, and proposes a reduction by 16,500 men only. Moreover, arms will be exempted from the reduction -- which is a very transparent speculation. Should the socialist countries abandon their demand, it would mean that weapons could be further increased or modernized. In addition to all that, the West wants to keep the door open for itself. And on top of that shabby answer, which can hardly be the foundation for a serious initial compromise, they attach disproportionate verification measures.

Thus, procedures are being repeated precisely the way in which they have been followed until now.

Always when there was the possibility of a joint move, the possibility of the complex dialogue ending with a compromise, they tossed obstacles in the way and the whole process was at a dead end again. Valerian Mikhaylov, the head of the Soviet delegation, depicted the latest position of the West in Vienna very accurately: "The counterproposal of the Western participants shows all the shortcomings of their preceding positions. On the one hand, they negate everything that could lead to a genuine reduction of military confrontation in Europe, for example, arms reduction. On the other hand, they are trying to extract verification measures that do not correspond to reality. All those things do not contribute to achieving a mutually acceptable agreement, and the Western answer gives no cause for optimism."

Thus, the Vienna marathon again has no prospects. Despite everything, the socialist countries will seriously study and review the Western counterproposal to see whether it, after all, could not in some way contribute to overcoming the impasse in which the negotiations have actually found themselves from the outset. The socialist countries will also strive to reach an agreement in Vienna after all -- they reemphasized this in the declaration of the session of the Warsaw Pact's Political Concultative Committee in Sofia.

STROUGAL ECONOMIC REPORT TO 28 NOV CPCZ SESSION

AU060601 Prague RUDE PRAVO in Czech 30 Nov 85 pp 3, 4

["Report of the CPCZ Central Committee Presidium on the State of Work on the Eighth 5-Year Plan of the Economic and Social Development of the CSSR and on the Plan for 1986," presented by Lubomir Strougal, member of the CPCZ Central Committee Presidium and federal premier, at the 16th session of the CPCZ Central Committee in Prague on 28 November]

[Text] Comrades: The Presidium of the party Central Committee is today presenting to the session the "Report on the State of Work on the Draft of the Eighth 5-Year Plan of Economic and Social Development" and, at the same time, on the draft plan for the next year.

In keeping with the conclusions of the 15th Central Committee session, we set ourselves the aim of elaborating and ensuring a challenging concept for the socioeconomic development of our society.

At issue are questions that are of cardinal importance for our future development. In their successful implementation lies the foundation of a dunamic movement in building an advanced socialist society, in ensuring a more contented and richer life for our citizens, and in reinforcing their social guarantees.

In this way we will also be contributing to enhancing our share in the overall political and economic strength and authority of the countries of the socialist community and in their collective ability to successfully defend their gains and conditions of peace for their further development.

All these questions are being examined critically and in a businesslike manner at the current annual membership meetings of primary party organizations, and will be the subject of the deliberations of party conferences and, subsequently, of the 17th congress itself, which is to adopt as one of its principal documents the "Main Guidelines of Economic and Social Development for the Years 1986-1990." The Presidium of the party Central Committee anticipates that the draft of the "Main Guidelines" will be published in January 1986.

In principle, this will be a program for the intensive development of the economy, a program founded on the acceleration of scientific and technological progress and structural changes, on deeper integration in the international division of labor, and on a further perfection of planning and management, which will create conditions for developing the country's economic potential and people's living standards.

Similar qualitatively new tasks in switching their national economies onto the path of intensive development are being tackled by all fraternal socialist countries. Their urgency was also expressed at the CEMA states' economic summit. In a broader context and from a long-term viewpoint, this strategy is also dealt with in the recently published draft of a new edition of the CPSU Program. We all realize that, by dint of its importance and impact, this document goes far beyond the borders of the first land of socialism in the world.

The joint effort aimed at substantially raising the performance of the CEMA states' economies will also call for more efficient forms of their mutual interaction. These forms will at the same time create broader scope for activity and initiative, but they will also be highly demanding in terms of their speedy and effective implementation.

Simultaneously, we have to take into account the fact that the acceleration of the scientific-technological revolution and the escalation of competition on world markets will undoubtedly further increase requirements with respect to the technical standard and quality of our exported products. The phenomena of crisis in advanced capitalist countries will continue to deepen, resulting in growing unemployment and growing conflicts among individual states. This could also generate fluctuations in international trade and in credit and fiscal policies.

In close coordination and cooperation with the fraternal states associated in CEMA, and with the Soviet Union in particular, we must do everything possible to ensure our technical and technological invulnerability, to accelerate our pace in raising the social productivity of labor in order to catch up with the most advanced states, to establish ourselves more successfully on world markets, and to meet our own needs in an increasingly full manner and with better quality, including needs in ensuring the socialist community's defense capability.

A Good Foundation for the Future

Comrades, in the final stage of the Seventh 5-Year Plan we are able to note that the basic line of economic and social policy adopted at the 16th CPCZ Congress will be fulfilled in principle. Even under more difficult conditions [than previously] we have maintained, improved the quality of, and in certain areas even raised the people's standard of living, and we have strengthened their social guarantees.

Behind this general evaluation, however, we must see the complex and exacting path which we have had to take in the past 5 years. It is known that a further worsening of conditions has occurred, especially with regard to external conditions, as compared to the original assumptions of the 16th congress. These were exhibited in the substantial rise in the prices of imported raw materials, fuel, and energy resources and in the increased cost of obtaining them at home, in the discriminatory measures implemented by certain capitalist states, and in the restricted access to foreign loans.

The escalation of competition and the growth of protectionism have made it more difficult for us to export products of the manufacturing industry.

The party leadership, and the Central Committe responded to these realities by implementing the necessary measures. They were aimed at further reducing the share of energy- and material-intensive production lines, restricting investments, tightening import policy, and speeding up the repayment of loans in freely convertible currencies. In addition to this, some measures were also adopted with the aim of changing the production and consumption structure, including necessary price adjustments.

In the interest of a consistent implementation of the steps, in the interest of a balanced, proportionate development, and in the interest of the necessary adaptation of the economy to these changed conditions, it was decided to slow down economic growth in the first 2 years of the Seventh 5-Year Plan, and to create prerequisites for speeding up dyamism in the years 1983-85. That this was a correct path was confirmed unequivocally at the 15th session of the CPCZ Central Committee; it is also being demonstrated by the overall results of the Seventh 5-Year Plan. These results have been achieved, above all, due to the foremost and, literally, day-to-day attention which party bodies -- starting with the Central Committee and its Presidium -- devoted and are devoting to economic policy issues.

In the course of the preceding period, the Central Committee examined a number of key problems concerning the development of the national economy.

Along with discussion of annual plans, it also dealt with the development of the agricultural-food industry complex, engineering and metallurgy, services, and science and technology. The active and mobilizing approach by the party; the purposeful political and organizational activity of Communists and, under their leadership, of trade union and youth bodies and organizations; as well as the good work performed by other organizations of the national front, national committees, and state and economic agencies have made it possible to come to terms with the demanding tasks of that period. It is also necessary to pay tribute to and express sincere thanks for the initiative of the working people, the selfless work of hundreds of thousands of collectives and outstanding workers in all branches and sectors of the national economy.

All these factors made it possible to achieve in the last 3 years of this quinquennium the average annual growth rate of national income that was demanded by the 16th party congress. This undoubtedly also represents a good contribution to the fulfillment of challenging tasks of the future.

Through social production growth and a more effective use of the factors of intensification, we have ensured an 11 percent rise in the national income in the current 5-year plan, of which the last 3 years account for 9.6 percent. We have used that increment in national income to improve the quality of some aspects of the standard of living and to restore the external economic equilibrium. Personal consumption will have increased roughly 6 percent; social consumption of the population will have increased substantially faster. This year, the per-capita volume of social consumption will total Kcs11,358, Kcs2,396 more than at the end of the Sixth 5-Year Plan.

Industrial output will have increased by almost 15 percent in the current 5-year plan; the share of engineering and, in particular, of the electrotechnical industry will have increased even more markedly. The share of material-intensive branches such as metallurgy, petrochemistry, and the production of building materials in the overall volume of industrial output has been gradually declining, Deliveries of new products have increased from Kcs64 billion in 1980 to roughly Kcs115 billion this year. The share of products of high technological standards has also increased, although we cannot be satisfied with the increase.

A contribution to the generally good results has been made by the agricultural-food industry complex, where the creation of practical and system-related conditions has opened up scope for a more dynamic and efficient development, especially with regard to agricultural production, which will have increased roughly 10 percent compared with the Sixth 5-Year Plan. Our own agricultural production thus essentially ensures the population's nourishment as far as basic foodstuffs are concerned. Per-hectare yields and livestock yields have increased and the consumption of feed has become more economical, which made it possible for us to substantially reduce the import of grain crops.

The positive turn in the direction of higher dynamism of economic development that started in the third year of the Seventh 5-Year Plan was founded upon a more efficient utilization of the factors of intensification of economic growth. Compared with the previous 5-year plan, the pace of reducing the material-intensiveness of industrial production has more than doubled, and the development of labor productivity has also improved.

We have raised the level of the production-technological base of industry and assimilated new production programs.

Of the total volume of basic assets of machinery, fully automated machinery today accounts for more than 14 percent, and program-controlled automated machines for 4 percent. The number of robots and automated handling machines [manipulatory] will total 4,800 [by the end of 1985].

Economic cooperation and integration with CEMA countries has been expanded and intensified. Foreign trade turnover with those countries will be higher than the targets set in the Seventh 5-Year Plan. The balances of payments will on the whole be in a state of equilibrium. This is a consequence of our close interaction in all areas and of the dynamic development of higher forms of division of labor with the Soviet Union and other socialist countries.

We have also taken energetic steps to attain external economic balance. We will ensure a reduction of our indebtedness in freely convertible currencies in keeping with the targets of the Seventh 5-Year Plan and will thereby achieve an essentially balanced foreign currency position.

Despite the undeniably positive results of economic and social development in the last few years, it is necessary to admit frankly that the utilization of the factors of intensification and the pace of their introduction into the economic practice are insufficient and slow. The main and crucial factor of intensification -- scientific-technological development -- is still not being implemented comprehensively, with all its economic and social implications.

So far, we have not fully come to terms with the complicated ties between science, research, production, and their utilization. We are not succeeding in applying to the required extent the results of contemporary research and development, especially in engineering and the electrotechnical and chemical industries, but also in other manufacturing branches. As a result, the production efficiency is not increasing at sufficient speed, which is also projected in our exports. In our exports to non-socialist countries, there has been no substantial reduction in the sphere of raw materials and products with a relatively low degree of labor input. Neither can we be satisfied with the progress in reducing material-, energy-, and wage-intensiveness when comparing it with development in other advanced countries. As far as capital investment is concerned, it continues to be oriented predominantly toward the extensive expansion of the production base. The share of investment projects involving the reconstruction and, in particular, modernization of obsolete equipment continues to be low, in production as well as in the area of circulation [of merchandise] and distribution. Many shortcomings persist in the national distribution system and in supplier_user relations in general.

The causes of the aforementioned shortcomings, weak spots, and bottlenecks in the functioning of our economy must be sought above all in the area of its management. On the one hand, the economic mechanism continues to be short of sufficiently effective instruments and levers that would unequivocally and uncompromisingly stimulate fulfillment and punish nonfulfillment of the requirements of intensification, efficiency, and quality. On the other hand, however, there are also causes of a directly subjective nature, to which the 15th session of the party Central Committee also drew attention. These causes take precedence.

Old habits and approaches acquired during the period of extensive development, which represent a serious obstacle to the implementation of our targets, persist among many leading and managerial cadres.

Practices such as the concealment of internal reserves and maximization of requirements for investments, imports, or wages continue to occure in the activity of ministries, economic productions units, and enterprises, despite the existence of formidable untapped potentials in our country in the utilization of working hours, in labor and technlogical discipline, in responsible approaches to quality, and in respect for social interests.

Essential Structural Changes

Comrades, in contrast to previous periods, we are preparing the draft of the next 5-year plan in a situation in which we already have at our disposal the inital results of the work on the long-term outlook of economic development, the elaboration of which was a task set for us by the 16th party congress. What is available to us thus far is the rough outline of a concept of the long-term strategy of socioeconomic development up to the end of this century.

It is obvious that these considerations are open in many respects, and that they are the subject of further study and search for optimal variants.

The importance of this work lies in the target-orientation of the socialist economy and socialist society in general. At the 15th session of the CPCZ Central Committee, Comrade Husak reaffirmed that "we regard as the main purpose of our efforts, above all, the further rise in people's standard of living, the reinforcement of their life and social guarantees, and the formation of increasingly favorable conditions for the harmonious development of man."

As far as personal consumption in concerned, it should increase more than 50 percent in those 15 years; social consumption should increase roughly 80 percent.

However, in this connection we must emphasize the qualitative aspects of socioeconomic development and of the rise in people's living standards. Examples of this are the satisfaction of personal needs by means of a new structure and quality of merchandise; the expansion of leisure and its purposeful utilization; a faster development of the tertiary sphere [comprising trade, services, and transportation]; and the quality, availability, and promptness of various services, including transportation and communications systems, information media, and cultural and sports facilities. All this is in the interest of a comprehensive development of man's personality, of a better and more effective utilization of his talents, and of the growth of his social activity. In short, it is in the interest of shaping a socialist way of life.

We regard the making of substantial headway in protecting and improving the living environment to be an inseparable part of the changes in the perception of the development and quality of living standards. In keeping with this, we envisage a significant increase in the funds allocated for this purpose.

However, the attainment of these targets is conditional on the creation of the necessary resources in production. From the work on the long-term outlook carried out thus far there arises the requirement to ensure up to the year 2000 an increase in the national income by at least two-thirds compared with the level of the current 5-year plan. This increase must be brought about, in essence, through growth in the social productivity of labor and a significant decline in the share of industrial comsumption in the social product.

The main task in this connection is to fully master the process of the scientific-technical revolution and to link it with the advantages of the socialist mode of production. This will entail profound and, undoubtedly, also conflicting structural changes, the technological retooling of the production base, as well as substantial changes in the structure of employment and in the nature of work.

The main thing in production will be to increase the share of manufacturing branches that get the maximum out of raw and other materials and energy. This requires orientation toward branches and products marked by a great input of qualified labor whose technical-economic standard will be comparable with the level reached in the most advanced countries. The role of industrial branches such as electrical engineering, electronics, and final assembly branches [kompletacni obory], and small-volume, sophisticated chemistry will be enhanced. In the consumer goods and food industry, there will be a significant increase in the share of latest-fashion products and of merchandise of top quality and utility value.

In raising the technical-economic standard of our production, the entire course of action will be founded upon long-term comprehensive programs, the most important of which are the fuel-power program, the program of introducing electronics into the national economy, and the program of developing branches that ensure food supplies to the people.

Substantial changes will be implemented, particularly in the structure of the fuel and power economy. These changes will concern both resources and their consumption, especially through their better valorization and maximum conservation in all areas of the production and non-production spheres. We have verified for ourselves the feasibility of the target to have nuclear power account for roughly 50 percent of total electricity production in the year 2000 and to have approximately 10,000 megawatts of power-generating capacity put into operation by that time. We also envisage the utilization of these capacities for supplying heat. This entire program represents a major contribution to improving the living environment.

A set of structural and innovative changes will be connected, of course, with our involvement in the socialist economic integration and, in particular, with the implementation of the CEMA countries' joint program of scientific-technical progress up to the year 2000. Of extraordinary importance for our country is the "Program of Long-Term Economic and Scientific-Technical Cooperation With the Soviet Union," which was signed by Comrades Husak and Gorbachev in Moscow in May. This week a similar program was signed between the CSSR and the GDR during the talks of Comrades Husak and Honecker. Similar programs are also being prepared with other socialist countries.

Program of Intensive Development

Comrades, the first steps in implementing our long-term targets must be taken in the Eighth 5-Year Plan. In drafting its concept, we consistently proceed from all the positive trends of the last 3 years of the current-year plan, and from the favorable domestic political situation that is marked by growing activity of our party bodies and organizations, by the moral and political unity of the people, and by people's confidence in the correctness of our policy.

This makes it possible for us to set ourselves challenging targets and tasks in the socioeconomic sphere, to mobilize faster and more effectively the aforementioned untapped human and material potentials, and to lay the foundations for a number of objectively necessary targets aimed at ensuring a new quality of economic growth. We consider as important the fact that these targets are backed by the results produced by the CEMA countries' coordination of national economic plans.

We consider the fundamental prerequisite of this new quality of economic growth to be the acceleration of the process of national economic intensification, especially through the broad application of the results of research and development, innovative activity, a high degree of economy, and a rise in the social productivity of labor.

The aggregate expression of this economic policy is the projected increase in the creation of the national income by a minimum of 17 to 19 percent. This rise should also make it possible to speed up the growth rate of the standard of living. We regard this as an important factor of motivation, a factor encouraging the active and creative participation of every employee in raising the efficiency and quality of all work.

We describe a crucial role to the development of personal consumption. We envisage that it will rise by 11 to 12 percent in the years 1986-90, which would represent almost double the actual growth rate in this 5-year period. Attention to, and concern for, the domestic market must be focused on the aspects of quality and structure. Deliveries of products of high technical level and quality, both industrial merchandise and foodstuffs, are assuming special importance.

Work is currently underway on a program specifying the content and schedule for the innovation of consumer goods. The implementation of this program should contribute to eliminating shortages of some products. We also intend to earmark a higher volume of resources than in this 5-year plan for the import of consumer goods in order to enrich the selection on the domestic market.

These requirements naturally also concern the quality, availability, and promptness of services, in which, in defiance of all measures taken thus far, the situation is not satisfactory. In the Eighth 5-Yean Plan we want to increase the range of services by at least 3 percent a year.

The projected growth in personal consumption is based on the assumption that total monetary income will increase by 14 percent and wages by 12.5 percent. We are looking for an optimal variant of the development of nominal and real earnings that would make it possible to bring about the desirable differentiation [of earnings] in accordance with work rusults. It goes without saying that we must see to the harmony between the growth in the social productivity of labor, personal earnings, and the supply of consumer goods.

Depending on the results we achieve, we will also deal with some problems in the social sphere.

As far as the material social consumption of the population is concerned, we envisage that it will rise by 17-19 percent. However, it is essential to draw attention to the necessity of analyzing more carefully and in greater detail the structure of outlays in this area, and of adopting effective measures that ensure that these social resources are utilized as economically as possible.

In the future we also want to devote paramount attention to further developing and perfecting the educational system, to developing culture and the arts, and to improving health care and institutional care for elderly and disabled citizens. We will also deal with problems caused by the uneven level of equipment in individual territorial entities with medical and social facilities. This problem concerns, in particular, Prague, Bratislava, and some other population centers.

We envisage that construction of at least 480,000 apartments and a substantial expansion of work on repairing, maintaining, and upgrading the housing stock. To this end we must adapt the structure of the appropriate construction capacities and expand in principle the supply of building services and repairs.

Concern for improving people's living conditions constitutes an organic part of social development. In the course of the Seventh 5-Year Plan, we spent roughly Kcs7 billion on major projects of an ecological nature. In addition to this sum, individual branches, production organizations, and national committees spend considerable resources on the construction and operation of facilities for this purpose. For the years 1986-90 we envisage a roughly 2.5-fold increase in the volume of expenditures for the solution of these issues.

In the years of the Eighth 5-Year Plan we must strive to halt the process of the deterioration of the purity of the atmosphere and water. It is desirable that enterprises, cooperatives, and institutions pool their resources for such projects. It is highly necessary, in general, that national committees make better use of their legal powers and establish themselves more effectively in organizing territorial development, in decision-making processes on the territorial level, in manpower distribution, housing construction, and in the maintenance and administration of the housing stock.

The National Front election programs are an important instrument for interlinking all tasks, interests, and needs on the territorial level. Work on drafting these programs proceeds concurrently with the preparation of the Eighth 5-Year Plan. This concurrence must be used in order to interlink the tasks of the national committees and those of centrally-administered organizations, and to ensure projects serving to improve the living environment and social care and health care for citizens.

Reducing Production Input

Comrades, in the next 5-year period, growth in the national income must be ensured while in essence maintaining the current level of raw material, energy, and other material inputs. Moreover, in the Eighth 5-Year Plan we will have to allocate considerable resources for rebuilding the structure of our fuel-power resources, for the aforementioned protection of the living environment, and for other areas in which the resulting benefits for our society will not be manifested immediately, but only in the long run.

The requirements for a fundamental change in the way the national income is created are manifested in the most pronounced way in the proposed rate of reducing the share of industrial consumption in the social product. The annual volume of industrial consumption now totals more than Kcs900 billion, which represents 59.2 percent of the social product. In the Eighth 5-Year Plan, industrial consumption should decline by an average of at least 1 percent annually. This is a significant decline compared with the Seventh 5-Year Plan, and it should ensure more than one-third of the increment of national income.

In keeping with the requirements of intensification, it is essential to change the relationship between the dynamism of industrial production and national income. In the current 5-year plan, the growth rate of industrial production exceeds the growth rate of national income by roughly 2 percent. For the years to come, we envisage an opposite trend, with the growth rate of industrial production being roughly 4 percent less than the growth rate of national income.

In the draft plan, we also provide for a reduction in the energy-intensiveness of the creation of national income. By 1990, it should be 16 percent lower than it is today. Whereas in the current 5-year plan, the energy-intensiveness of the creation of national income has been declining at an average of 1.7 percent annually, in the next 5-year plan we ought to achieve an annual rate of around 2.8 percent.

Similarly, we are also planning a faster reduction of material-intensiveness. Whereas in the current 5-year plan the share of material costs in [the value of] output has been declining at an average rate of 1.2 percent annually, in the next 5-year plan we anticipate an annual rate of at least 1.55 percent. The task is thus higher by roughly one-third.

Particularly demanding are the tasks confronting us in the field of metal conservation. In the years of the Seventh 5-Year Plan, average annual savings of iron ore and rolled materials were around 2.5 percent. In the Eighth 5-Year Plan, these savings should amount to roughly 4 percent. In the engineering sectors, savings of ferrous and nonferrous metals should even amount to an annual average of 5 percent.

As is known, the utilization of fixed assets has been developing unfavorably for a long time. Compared with 1980, their effectiveness in 1985 will be about 15 percent lower; we must turn this trend around in the next 5-year plan. In industry we envisage, in principle, the termination of the further decline in the effectiveness of fixed assets. This is a very exacting task in view of the previous development over a long period of time. As far as the social productivity of labor is concerned, we contemplate its increasing by 16.5 percent. In view of the fact that in this 5-year plan it increased 9 percent, and that this increase was achieved solely and exclusively in the last 3 years, we cannot regard this target for the next quinquennium as final. In carrying on the work [on the Eighth 5-Year Plan] it is essential that the appropriate ministries, economic production units, and enterprises strive to tighten this task, taking into account the formidable untapped potentials resulting from the low degree of organizing and managing production, as well as from lack of discipline and disorder.

I would like to underline that all the said targets in ensuring a new quality of economic growth require an active approach in breaking them down and finally elaborating them at all levels of economic management.

More Coherent Management of Scientific and Technological Development

Comrades, scientific and technological development is the key issue confronting our economy and literally the entire society. That is why we dealt with it at our eighth session.

The draft of the 8th 5-Year Plan rests upon 31 scientific-technological and state target programs that constitute an important step toward the programmatic orientation of our scientific and technological development. It emphatically requires us to concentrate resources on the key directions of science and technology and their effective contributions to the development of the national economy. The set directions of our scientific and technological development are in fundamental accord with the draft of the comprehensive program of scientific-technological progress of the CEMA states up to the year 2000, which is to be discussed at an extraordinary CEMA session this December.

This draft provides for the joint solution of specific tasks in five designated areas: introduction of electronics; comprehensive automation utilizing flexible production systems; accelerated development of nuclear power engineering; assimilation of the production of new types of materials; and utilization of biotechnology.

We all realize that this is a new element of quite exceptional importance. We know that mastering these new directions of contemporary science and technology is unthinkable without the integration of the creative powers and resources of the entire community.

The economic and scientific-technical potentials of our country are not capable of ensuring in the necessary span of time the adequate acquistion of such a broad range of scientific-technological findings, of the current and future peaks of human knowledge, in spite of the considerable resources that we invest in this area. We therefore regard our active participation in the preparation and implementation of this program as absolutely unequivocal and vitally important.

The Presidium of the party Central Committee has already adopted the appropriate decisions. It has decided, among other things, that we must complete the work on our own, already mentioned targets within scientific and technological policy from the viewpoint of the tasks that will arise from the comprehensive program, and that we take must take steps toward their implementation from the very beginning of the Eighth 5-Year Plan.

This work must be founded on a strictly selective course of action and precise stipulation of priorities. Existing approaches, which often lack differentiation, permit neither the needed concentration of our efforts nor the harmonizing of investment requirements. Not all programs guarantee the required efficiency and, quite often, research and development projects never reach the stage of implementation.

What matters is thus not only the selection and implementation of scientific-technological programs at various levels of management but, to an even greater degree, their determining influence on practical decisions about the structure of production, investments, and involvement in the international division of labor. Therein lies the gist of the requirement for a well-founded selection of development programs and programs for the technological retooling and modernization of the most important and most efficient national economic branches.

The point of departure and the aim of this work is that it should result in a marked growth in the technical-economic parameters of products and all services, and in an efficient and effective innovative activity of enterprises and economic production units. We envisage that, compared with the current 5-Year Plan, the volume of production on the basis of the resolved tasks of the state plan of scientific and technological development will increase roughly threefold, and that the total volume of products of high technical-economic standards will increase by more than 40 percent.

When talking about the essential need to markedly raise the technical-economic standard of our products, we are thinking of parameters matching those attained by leading world producers.

It is necessary to recall again that our own criteria are not sufficient, that we must consistently proceed from the requirements that are asserting themselves objectively on international markets. Today we can no longer count on the existence of some kind of "soft markets," markets that would tolerate poor quality and a lower utility value of our products. Neither our own internal market nor the sphere of our domestic capital investment must be regarded by us as such a "soft market."

Any innovative change must be assessed from these viewpoints. True innovation must be manifested in the growth of the utility value; that is, in quality, reliability, durability, functional effectiveness, as well as in outward appearance, prompt availability, and perfect service. At the same time, we demand that increases in the utility value of products be coupled with a relative reduction in social costs.

These also are, and must be, the criteria used in evaluating the activity of ministries, economic production units, and enterprises.

The system of legal powers and responsibility in the management of production units must also correspond to this. The selection of key technological development projects, the creation of comprehensive conditions for a climate that is conductive to innovation, and the technical-economic standard of our national economy are accounted for by the managers of all central agencies. The speedy introduction of the results of research and development into production must be the responsibility of general and enterprise directors. It is they who create conditions within the range of their activity for the decisions about the final effect and final results to be taken in due course, in the preproduction stages; that is, in the development and technological design offices.

In this connection we must say, however, that the fact that we regard the application of the results of scientific and technological progress as the key factor of development is not reflected in any striking way in the content, style, and methods of managerial work of many enterprise and general directors, and even of ministers. Entertaining very simplified notions, they regard this as a matter concerning only specialized institutions and departments, and not as the most important and main part of their own managerial work. After all, they especially are the ones who must know the current world technical-economic standards of their branch and the possible long-term trends of its development. They are also the ones who must generate the impetus for specific tasks that would lead to essential and rapid changes.

We realize that such an orientation and style of work must be aided by the entire economic mechanism much more effectively than has been the case thus far. It should provide a guarantee that anyone not fulfilling the demanding qualitative criteria in both exports and deliveries to the home market will be deemed to have failed.

When we talk about scientific and technological development, we are simultaneously talking about the concept and nature of the investment policy. Investment policy must be perceived and managed, not as a source of the extensive expansion of production, but primarily as a factor of intensification, modernization, and reconstruction on the basis of raising the technical-economic standards of our material-technological base.

In the course of the Seventh 5-Year Plan we already strove to accomplish the fundamental turnabout in the effectiveness of capital investment in accordance with the requirements of intensive development, while reducing in absolute terms the resources allocated for investments. We have succeeded in some things, but we have not managed to overcome the grave shortcomings existing in this area.

We cannot back away from the requirement for efficient and reasonable investments on a scale permitted by the created national income. The portion of national income set aside for investments, but also the available building capacities and resources for the modernization of technology, permit investments of roughly Kcs875 billion in the Eighth 5-Year Plan, which is Kcs70 billion more than in the Seventh 5-Year Plan. The draft plan thus provides for an average annual dynamism of 1.8 percent. This growth is thus lower than the [planned] increase in national income. This is due to the need to further strengthen the balance in external relations and to the planned program of raising living standards. The concept provides for the gradual attainment of a balance between the dynamism of investments and the dynamism of national income only by the time of the Ninth and Tenth 5-Year Plans.

Investment policy is aimed, above all, at securing structural changes. This involves completing the buildup and development of progressive branches in engineering; implementing the program of introducing electronics and robots; the development of low-volume chemistry and biotechnology; and modernizing selected consumer goods and food industry branches. The structural changes also involve the modernization of metallurgical production, the volume of which will decline, but the quality and assortment of which should be substantially improved. We also want to secure the rebuilding of the fuel-power base in favor of nuclear power and natural gas; in-depth processing of liquid fuels; and streamlining the consumption of fuels and power. We are also increasing the volume of investments in the tertiary sphere, putting emphasis on the development of services, transportation, communications, health care, and the water economy.

In line with the concept of modernizing and retooling the material-technological base, we envisage a marked increase in the share of machinery and equipment in the overall capital investment program. Compared with the Seventh 5-Year Plan, investment in machinery and equipment is to increase by Kcs100 billion. However, it is necessary to see to it that these investments yield a modernization effect, which must be manifested in raised profitability and labor productivity. Also connected with this is the requirement for the more rapid discarding of obsolete fixed assets and for the utilization of all possibilities of production growth provided by existing capacities.

From the main orientation of capital investment in the Eighth 5-Year Plan, there also ensue the tasks of our building industry. The favorable trends in the development of the building industry, which are founded upon the implementation of the 1982 and 1983 conclusions of the CPCZ Central Committee Presidium, establish prerequisites for raising the performance of the construction sector, which in the next quinquennium should make it possible to come to terms with the investment plans not only at home but also abroad.

We are confident that, just as in the past, our builders will hold their own and master the great building projects connected with our participation in building the Yamburg gas pipeline and in obtaining iron ore at Krivoy Rog.

The basic orientation of the capital investment program calls for the building industry to continue to adjust its capacities to the requirements of the said concept, particularly to the requirements of the speedy completion of projects under construction, cutting the deadlines of investment projects by between 15 and 20 percent, and increasing the scale of retooling and modernization projects.

More Purposefully in Foreign Trade

Comrades, external economic relations must also contribute more markedly to the national economy's intensification.

This means orientation toward steadily increasing the effectiveness of our exports, and toward improving the ratio between the prices of exported and imported goods. It is necessary to bear constantly in mind that the equilibrium in our payment relations vis-a-vis foreign countries must be ensured primarily by way of increasing the valorization [zhodnocovani] of our products on foreign markets. There is no other way. Otherwise we would be limiting the possibilities of using national income for domestic consumption.

At the same time it is essential to create conditions to ensure that the overall foreign trade turnover grows faster than the national income. With respect to enterprises, economic production units, and sectors, including foreign trade organizations, it is necessary to say that so far their approaches to planning export tasks and import requirements do not ensure this important need of the national economy. This is true of both the entire 5-year plan and the plan for next year alone.

We are not, of course, interested in just any growth in foreign trade turnover. We must achieve a situation in which not only exports, but also imports become effective instruments of intensification.

For the time being, we contemplate for the 1986-90 period a 20 percent growth in total Czechoslovak exports and a 14 percent growth in imports. However, we can be satisfied neither with this dynamism nor with the proposed effectiveness of exports. It is essential that, in particular, the key export branches, in close cooperation with foreign trade, complete their work on export-promotion programs and include these programs in their economic plans.

We realize that the requirements we will be placing on foreign trade activity in the next 5-year period also call for the creation of the necessary prerequisites in the economic mechanism. The plan and other appropriate instruments must provide incentives, above all, for raising the effectiveness of exports and carrying out a highly reasonable import policy. The economic mechanism must also promote very close coordination between production and foreign trade in this respect.

Closely connected with all these tasks in the field of external economic relations is a target of no lesser importance -- to continue in the years 1986-90 to further consolidate the external economic balance.

The fulfillment of the targets of the Eighth 5-Year Plan will favorably influence a more comprehensive interaction with the members of CEMA. It rests on a considerable number of bilateral and multilateral programs of economic and scientific and technological cooperation up to the year 2000.

A decisive role will be played by the stage of implementation, which urgently requires substantially deeper international specialization and production sharing within branches and sectors, the joint organization of research and investments, and, in general, comprehensive cooperation in all spheres of scientific-technological and economic activities. The easiest path toward this aim is the development of all forms of direct ties, including the setting up of joint enterprises.

What is involved are new, higher forms of economic cooperation within the socialist community, for which there exist favorable prerequisites arising from the nature of socialist production relations. We must, of course, be much bolder in eliminating all that impedes the development of such forms of interaction between economic organizations. This presupposes, in particular, the drawing closer together of the systems of management within the framework of CEMA members, as has already been decided in principle in CEMA bodies, and the more effective use of price, fiscal, and foreign currency relations for this end.

The export growth rates of 22 percent and import growth rates of almost 17 percent for the 1986-90 period that are under consideration in relation to the socialist countries are not regarded as final in this stage of work on the draft of the Eighth 5-Year Plan.

This conclusion of ours is justified by the decisions of the economic summit in Moscow, from which it follows unequivocally that all fraternal countries have the same interest in a qualitatively new degree of long-term cooperation, because there continue to exist considerable untapped potentials in their mutual interaction.

In relation to the nonsocialist countries, our exports should increase by more than 11 percent by 1990. The main task will be to base the growth of our export performance and the consolidation of the external balance with these countries primarily on the rise in the efficiency of our production and foreign trade. The engineering branches and the electrotechnical industry, in particular, must secure a roughly 30 percent increase in the creation of foreign exchange resources. In view of our failure to fulfill our targets with respect to engineering exports in the Seventh 5-Year Plan, this is a highly challenging task.

In the Eighth 5-Year Plan, effective exports are also the crucial prerequisite for being able to expand imports from nonsocialist countries, especially imports of new technology and products for complementing the domestic market.

Respecting the principle of mutual advantage in relations with industrially advanced capitalist countries, we will also strive to promote higher forms of cooperation, especially production sharing. In doing so, we must proceed in a more conceptual way [than so far], and in accordance with our long-term targets. We must also make better use of non-material export and import operations such as the sale and purchase of licenses and technological processes, or the development of tourism and transit, transportation, and communications services.

With regard to the developing countries, there are possibilities for our broader participation in their industrialization programs. This is an area that is not fully appreciated and adequately utilized in our foreign trade. A fundamental structural rebuilding of the economy is underway in many countries, with a varying degree of intensity, offering us the chance to export, in particular, machinery and equipment. At the same time, the economic development of those countries establishes ever-greater prerequisites for us to import from there not only raw and other materials, but also final products, the production of which they gradually assimilate on an increasingly broad scale.

It is thus necessary to work out a concept that will take into consideration these aspects, as well as the specific problems of individual developing countries, including their indebtedness, and that will establish prerequisites for a substantial expansion of economic cooperation with that part of the world.

Requirements Facing Key Branches

From the concept incorporated into the draft of the Eighth 5-Year Plan, there of course arise quite specific tasks for all branches of the national economy. It is not our goal today to analyze the problems of individual branches. Nevertheless, allow me to briefly mention two key branches -- engineering and the agricultural-food industry complex.

The draft of the 5-year plan envisages that engineering output will increase more than 30 percent by 1990. It will thus increase from today's Kcs234.5 billion to more than Kcs306 billion. Within the framework of engineering, the electrotechnical industry is to achieve the fastest growth rate -- its output is to grow more than 62 percent.

In keeping with the conclusions of the 10th session of the CPCZ Central Committee, we orient engineering and the electrotechnical industry toward giving priority to the growth of the technical-economic standards of products and the services connected with them, and toward increasing their share in total exports. It will be of equal importance for these branches to ensure the necessary prerequisites for the technological retooling and modernization not only of the engineering branches themselves, but also of agriculture, the food and consumer goods industries, chemistry, health care, and designated branches of the tertiary sphere.

That is why we demand from the engineering complex its consistent concentration on the development, assimilation, and production of new generations of machinery and equipment that would contribute to introducing technologies that bring about a marked labor productivity growth, while simultaneously respecting world trends in introducing electronics and automating technological processes.

To be specific, the task is to develop the production of flexible production systems, including devices for active control, interoperational manipulation, and other command elements using industrial robots and automated handling machines [manipulatory].

As far as individual branches are concerned, the fastest development will be in the component base of electronics, in the production of microelectronic elements, computer and automation technology, and in consumer electronics. Hand in hand with this must be the direct application of high-performance electronics for the regulation of energy consumption and the development and production of aggregates with a highly automated control of technological processes.

Representatives of completely new products will include personal computers, a new line of single-chip microprocessors, video recorders, and digital record players. Production of color television sets is to increase 80 percent.

The development of production in these progressive branches, as well as the development of a number of final assembly branches, must exert a significant influence on the technological standards and exportability of our products. That is why the aforementioned branches are included in state target programs, which provide for an almost twofold increase in their output.

Another important range of requirements that we will place on engineering and the electrotechnical industry in the Eighth 5-Year Plan is that they help to markedly raise the efficiency of our traditional key export-oriented production programs. In this respect we are thinking, in particular, of automobiles, tractors, other means of transportation, and chemical and nuclear equipment.

The implementation of the tasks of the Eighth 5-Year Plan must be based on a continuous process of microstructural changes in the enterprise sphere, changes connected with innovations on a mass-basis. This requirement applies, in particular, to the engineering complex.

The long-term program for the development of agriculture and other branches ensuring food supplies to the people, which was discussed at the 11th session of the CPCZ Central Committee, has become the point of departure in drafting the Eighth 5-Year Plan for the agricultural-food industry complex. The immediate task is to ensure a high standard of nourishment while further raising the degree of self-sufficiency, especially through our country's own production of grain crops. We contemplate a 7 percent growth rate of agricultural production and continue to place emphasis on the priority development of agricultural production. The average annual harvest of grain is to amount to 11.5 million metric tons, and that of feed crops converted to hay to 16.5 million metric tons.

As was stressed at the 11th session of the Central Committee, the food industry is currently the weakest element in the valorization of agricultural products. That is why we are increasing investment funds to achieve a more rapid innovation of foodstuffs and to expand the assortment, improve the quality, and enhance the durability of the products of the food industry.

Now, in giving the finishing touches to the Eighth 5-Year Plan, we must pay increased attention to these issues.

The urgent requirement for a much more marked reduction of costs and losses of all kinds, a higher degree of the valorization of raw materials and energy in the entire reproduction process, and a more effective utilization of fixed assets is also moving into the fore in the agricultural sector. Here, too, the broad application of the latest findings of science, technology, biology, biotechnology, and chemistry, as well as the utilization of new technologies for growing and processing agricultural produce, must play their role. The CPCZ Central Committee Presidium has adopted the appropriate practical decisions with respect to these issues. However, to achieve the necessary changes in this area it will be necessary to resolve a number of problems in the decisive supplying branches.

To facilitate the fulfillment of all these targets, we have also adopted, aside from some practical solutions, measures in the system of planned management of the agricultural-food industry complex, measures that we will begin to implement at the beginning of next year. These measures substantially raise demands on the efficient management of agricultural enterprises, but they also provide greater scope for their independent decision-making. By limiting the number of the binding indicators of the plan, and reinforcing the role of economic contracts, we are creating favroable conditions for the utilization of [agricultural enterprises'] specific production conditions and for direct cooperation between agricultural, processing, and trade organizations. This will make it possible to channel more perfectly the structure and placement of agricultural production, as well as the distribution of deliveries in accordance with the need of procurement organizations and the requirements of consumers.

Next Year -- A Test of Preparedness

Comrades, the state plan for 1986 is designed to ensure a smooth transition from the current 5-year plan to the more demanding, qualitatively new conditions of the coming period. In line with the aims and tasks of the concept of the Eighth 5-Year Plan, the draft state plan for next year pursues, above all, the consistent promotion of the economy's intensification, a rise in its efficiency, and a further growth of private and social consumption. That is why the envisaged 3.5 percent growth in national income rests, above all, on an improvement of all qualitative indicators. It envisages a further reduction in industrial consumption and an accelerated growth of labor productivity.

The tasks of the state plan provide for an accelerated pace in reducing the energy- and material-intensiveness of the economy. While this year we expect the share of material costs in output to decline 0.6 percent, the plan lays down a decline of 1.2 percent. A similarly demanding task has been set with respect to the decline in the share of overall costs in output.

We are forced to adopt these plans because, among other things, the strain on the fuel-power balance will increase in 1986-87 as a consequence of low increments in power resources.

Resources earmarked for domestic consumption in 1986 have been secured roughly at the level of this year's expected reality. It will therefore be necessary to devote paramount attention to streamlining the consumption of fuels and power.

Considering the dynamism of national income that has been called for, we must achieve a minimum of a 3 percent decline in the energy-intensiveness of its creation.

Industrial production is to increase 2.6 percent next year. This growth proceeds from the possibilities of ensuring this production in terms of materials, and from the possibilities of utilizing this production on the domestic market, in capital investment, and in foreign trade. Engineering will account for 57 percent of the increase in production, the chemical industry for 14 percent, and the light industry for 11 percent. The share of energy-intensive branches will further decline.

In keeping with the main targets of the Eighth 5-Year Plan, we emphasize the faster development of progressive engineering branches, the electrotechnical industry, and sophisticated chemistry. The electrotechnical industry will continue to be the most dynamically developing branch, with a planned production growth of 8.8 percent. This production will establish prerequisites above all for a broader application of electronics in all areas of the national economy. A considerable, 6 percent growth is also planned for the production of medical supplies and pharmaceutical products.

In the area of the replacement of fixed assets, we propose to enlarge the scale of discarding machinery and equipment, especially in outdated production capacities; to increase the utilization of up-to-date capacities; and, as far as capacities that are being brought to completion are concerned, to speed up the attainment of projected parameters. The draft plan envisages an increase in the volume of discarded basic assets to Kcs25 billion, compared with an annual average volume of Kcs19 billion in the years of the Seventh 5-Year Plan.

The application of the results of scientific and technological development is provided for in the draft of the executive plan, above all by a substantial rise in the volume of production based on the resultant end products of technological development, the production of goods on the basis of licenses, as well as by an increase in the production of high technical-economic standards.

This requires the consistent implementation in 1986 of the conclusions of the Eighth session of the CPCZ Central Committee at all levels of management, especially the securing of close, organic links between the technological development plan and the other parts of the plans of enterprises and economic production units, as well as the acceleration of the process of innovating production and raising its quality.

As regards relations with socialist countries, a change occurs in the structure of our exports on the basis of the results of the coordination of plans, with the share of our engineering and chemistry exports being reinforced.

In 1986 we will begin to carry out to the full extent some important investment projects in the Soviet Union connected with the acquisition of new deposits of natural gas and iron ore. These projects will ensure essential deliveries to us of fuels and raw materials for a long time to come. We view the continuous expansion of international exchange within branches and sectors as the way toward further increasing foreign trade turnover with the socialist countries, especially by way of substantially increasing the proportion of production sharing and specialization.

A structural change is also planned for our exports to nonsocialist countries. We are planning a reduction in the exports of fuels, metallurgical products, and other raw materials. All the more difficult will be the task of creating the necessary resources for reinforcing the external equilibrium and for essential imports.

That is why the set tasks with respect to increasing the effectiveness of exports are highly demanding, especially the tasks of manufacturing branches, the engineering sectors, and the electrotechnical industry in particular.

Our intentions with regard to the growth in living standards are dependent upon the fulfillment of the planned tasks in 1986. Private consumption is to grow 1.9 percent, which is a substantially higher rate in comparison with the development in the current 5-year plan. This higher rate is characteristic of the entire period up to 1990. Social consumption will grow 3.4 percent.

The next year will be a test of our preparedness to cope with the qualitatively more demanding tasks of the years to come. That is why it is essential to break down the tasks of the 1986 plan in due course and in the right way at all levels of management, to discuss them with the working people, and to adopt effective measures for their implementation, including the systematic control of their fulfillment.

The CPCZ Central Committee charges ministers and the leading cadres of economic production units and enterprises with actively facing up to the tasks laid down, and with energetically and enterprisingly creating conditions for their timely and good-quality fulfillment, including the speedy solution of outstanding problems in supplier-user relations.

Raising Management to the Level of Needs

Comrades, our effort to shift the national economy onto the path of intensive development, the effort toward a new quality of economic growth, based on broad application of the results of scientific and technological progress, can be successful only if we raise the effectiveness of managerial work. Indivisibly connected with this is the well thought-out and gradual implementation of changes in the entire complex of planned management.

This need is confirmed not only by our own experiences, but also by the experiences of fraternal socialist countries and of the Soviet Union. The draft of a new edition of the CPSU Program, a document of great theoretical and practical value, also inspires us to take such steps.

This is a politically very grave issue, because one cannot consider only the perfection of the economic mechanism in its narrow economic sense and must not approach it as an on-off action. What is involved is a long-term and complicated process of generally perfecting social and, in particular, economic relations, markedly strengthening the effectiveness of the entire system of planned management, and deepening socialist democracy.

That is why we are placing such emphasis on improving the quality of the managerial and organizational work of the party, the state, and social organizations and on intensifying the democratic forms of the working people's involvement in the management of social processes, including in the selection of the most capable cadres for managerial posts in the national economy.

In the course of the Seventh 5-Year Plan we already adopted a number of decisions aimed at improving the management of certain areas and branches of economic activity. By enhancing the role of planning and reinforcing khozraschet [planning, management, and cost-accounting system based on economic accountability and financial autonomy] and incentives, the Set of Measures undeniably contributed to improved economic results of enterprises and economic production units, especially to the mobilizing of untapped possibilities and to growth of efficiency.

However, it has not yet opened up sufficient scope in those areas in which decisions about a permanent growth of resources are made. I am thinking, in particular, of an accelerated practical application of the findings of science and technology and of an increase in the effectiveness of foreign economic relations. Moreover, in the past years a number of important principles of the Set of Measures have been applied half-heartedly [nekomplexne], with a delay, and with some compromises.

The CPCZ Central Committee Presidium has drawn conclusions from these facts and already last year adopted the "Main Guidelines for the Further Development of the System of Management in the Eighth 5-Year Plan," which are being worked out at present.

Some partial measures will go into force on 1 January next year. This concerns measures aimed at deepening the state control of prices and the fiscal management of the enterprise sphere, and at enhancing the effectivenss of loans and other bank instruments. In addition, the budgets of the national committees are being reinforced by adding to their income a portion of the turnover tax paid by the enterprises that are administered by them.

It is necessary to stress in this context that the enterprise sphere, but also the pertinent ministries, must work and operate within the framework of the existing and newly introduced regulations with far greater initiative and, what is particularly important, in full accord with the national interest.

The existing scope is wide enough to permit the achievement of far better economic results than we have been achieving thus far and than enterprises and economic production units propose in their draft plans for 1986 and the entire Eighth 5-Year Plan.

I have mentioned some partial measures that ensue from the "Main Guidelines" and that will be applied next year. This was, however, only a relatively small portion of work. The bigger portion is still awaiting us. It will be necessary to finally resolve a whole range of system-related issues that are still open. This work must result in the absolutely unequivocal assertion of the criteria of high efficieny in the processes of plan-setting, plan-implementation, and in the khozrasnhet instruments; simply, in all spheres of decision-making. The same thing applies to the other principles of the "Main Guidelines." The concept of the 5-year plan and the instruments of economic incentives must provide for the long-term responsibility of economic organizations for, and their interest in, the highest possible increments in the creation of national income, the speedy introduction of the results of research and development, the effectiveness of exports, and the rational utiilization of all enterprise resources. In this connection we also intend to make the claims of organizations for wages and capital investment more strictly conditional on their actual merits and, at the same time, to permit them to handle their own resources more flexibly. At the same time, in all areas we must insist that management entail less administration.

The most important and most complicated thing is to ensure an optimal link between central management and the development of initiative from below, an optimal link between central national economic plans and khozraschet in the enterprise sphere. This is really the key problem, the solution of which requires a more rational definition of the status and function of the individual levels of management. Practical life demonstrates that grave differences continue to exist between the targets of state plans and the draft plans submitted by the economic sphere.

Incidentally, the course of the preparation of the Eighth 5-Year Plan furnishes evidence of this. The ideas of enterprises, economic production units, and sectors concerning their further development produce maximal requirements for raw material, energy, investment, wage, and important resources without envisaging corresponding results and establishing prerequisites for a rise in national income.

It is obvious that the management system and particularly the methods of working out the tasks of the state plan are not sufficiently forcing cost-accounting organizations [khozraschetni organizace] to adopt and realize progressive plans; nor do they make this interesting for them. Likewise, the system does not affect the organizations, and especially their executive staff, who tolerate obsolete technical standards and operate inefficiently.

We must thus gradually establish more exacting conditions for the work of central agencies and organizations. It is our primary task to improve central managements, to strengthen the long-term nature of central planning, and to ensure the systematic interlinking of prognoses, long-term outlooks, and 5-year plans. This involves making the central agencies safeguard the main provisions of the long-term aims with regard to the balanced economy and the social efficacy of decisive structural and innovative programs. We are also concerned with turning the 5-year plan into the basic management tool; with strengthening the stability of plans; and, at the same time, with making progress in the continuity of planning.

The other side of this coin is the gradual increase of the economic organizations' independence and their ability to adjust to the changes brought about by the R&D development. We need to have the organizations strive, in their own interest, to handle social resources as thriftily as possible and to achieve maximum utility value in production. Thus, we need to fully develop the socialist enterprising spirit, so that production enterprises cover society's needs and consumers' demands in an enterprising manner and without detailed directives, as promptly as possible, and with good quality; and so that they react to changes in the extent and structure of the consumers' demands. This is also connected with the need to consolidate economic relations among the organizations, and to strengthen more emphatically the role of economic contracts.

It follows from all this that the constant deepening of the principle of democratic centralism must be the leading principle of the process of developing the economic mechanism. The words of Comrade Gorbachev, CPSU Central Committee general secretary, at the April Central Committee session apply to us, too; namely, that "in further developing the principles of centralism, in fulfilling the strategic tasks, we must progress more courageously in expanding the rights and independence of enterprises; in introducing economic accountability, and on this basis raising the responsibility of working collectives for the final results of their work; and in enhancing their incentive to achieve these results."

Another weighty issue which deserves to be further elaborated and made specific is the creation of far more reliable, uniform criteria for efficiency, which respect world criteria.

These criteria must be gradually implemented in the management of the entire process of expanded reproduction. Above all, they must be implemented in a uniform manner in the processes of plan creation and of the functioning of economic accountability, as well as in the management of technical development, capital construction, and domestic and foreign trade.

It is therefore essential to gradually remove everything that still continues to distort these criteria and that establishes unjustifiably different conditions and viewpoints for appraising the contribution to the creation of the national income made by branches, sectors, organizations, or territorial complexes, and their claims on social resources. In particular, we have in mind the unjustified differentiation in the levied payments and taxes, in subsidies, and in the unjustified amount of profit in wholesale prices, and also the undesirable redistribution processes, since all this taken together leads in a number of instances to the concealment of bad management.

The creation of such conditions will enable us to distinguish more reliably between really efficient R&D programs and pseudo-innovations, and also between collectives and organizations with good economic results and those with bad ones. It will also enable us to assess the most efficient trends of investments and structural changes.

This is also one of the conditions for resolving the de-levelling [denivelizace] of remunerations as an active tool for promoting the growth of labor performance and quality. Insufficient differentiation in remuneration already begins with levelling [nivelizace] approaches to the elaboration of the tasks of the state plan for economic organizations, and with the determination of conditions for their fulfillment and evaluation.

Simultaneous with the pushing through on these demands, one must also strengthen the plan's authority and stability by applying more broadly the binding sets of norms that will consolidate the more long-term dependence of the retained earnings of economic production units and enterprises on their real contributions to the creation of national income. We follow with particular attention the gradual implementation of full economic accountability. We must aim at enabling the economic organizations to ensure their development through their own means, on an increasingly broader scale, and dependent on their results. In instances where we will be granting additional amounts from social resources, we must have the guarantee that we have before us programs and actions which have the most efficient prospects, which are socially most essential, and whose contributions will be fully reflected in the plans of branches and organizations--that means, in effective outputs. Thus, the specified tasks of the state plan should primarily be oriented toward ensuring the social priorities. At the same time, their fulfillment must be linked far more significantly with the appraisal and remuneration of management staff.

The above intentions demand that, already in the process of creating the plan, we have more energetic use of the financial, loan, wages, and currency instruments in order to ensure increased efficiency and equilibrium, and in this way enforce the unity of material- and value-oriented planning. [hmotne a hodnotove planovani]

The basic condition for realizing all these intentions is the creation of a whole complex of prerequisites for the far more efficient operation of our entire pricing system, a system of calculations and technical-economic norms. It is necessary to gradually connect the ratios of domestic and foreign prices, to achieve progress in rationalizing wholesale and procurement prices, and also to begin the process of differentiated reduction of wholesale prices.

In harmony with the level and structure of the socially necessary costs, we must resolve the issue of correctly appraising the factors of production, particularly live labor, and the production means in wholesale and procurement prices.

It must be our endeavor to establish conditions which would make it advantageous for economic organizations to replace manpower by modern automated technologies, management systems, and robots. In certain sectors the situation today is the other way round.

Another topical problem which we must seriously think about is the sphere or organizational arrangement of our production-technical and research-and-development base, including the entire process of the turnover of commodities. This is dictated by the urgent need for innovative and structural changes, and by the necessity to strongly intensify the specialization and cooperation of production inside the country and on the international level. That is also why the organizational structure must be consistently subordinated to the criteria of efficiency, to cost-accounting principles, and to the close collaboration between research and development and production.

The implementation of such principles will inevitably lead to far greater differentiation in the forms of organizational units, in their size, and in their internal management methods.

We believe that in organizing them it will be necessary to make broader use of the combined forms of organizations, to set up specialized, independent enterprises, and to support the expedient fusion of economic units.

Everything we carry out in this sphere must simultaneously create scope for the broadest possible utilization of direct relations between the enterprises within economic production units and research working places on the one hand, and the organizations of the CEMA countries -- above all the USSR -- on the other. I have in mind not only the expansion of traditional agreements on specialization and cooperation in production, but also a more intensive utilization of all progressive forms of direct relations, such as joint investments and research, up to the founding of common enterprises or other types of international economic organizations on the basis of economic accountability.

We also need to create a generally valid system -- and to reach agreement on this with the interested states -- which would enable economic organizations to establish these relations as a matter of course, and without any complicated mediation. We have already charged the responsible central agencies with the appropriate tasks for this purpose. I stress again that this is particularly important now, when we are faced with qualitatively higher tasks in the realization of the common program of science and technology development in the CEMA member states up to the year 2000.

To Make Use of the Working People's Initiative

The key issue in our reflection on improving the system of planned management of the national economy is naturally the cadres, because nothing, no system, no tools or mechanisms can assert themselves automatically. We must apply far more demanding criteria in selecting, placing, and evaluating the leading executive cadres in the manner stressed at the 15th CPCZ Central Committee session.

Only people who prove their awareness and professional skill by real results, by their initiative and enterprising spirit, by their high responsibility and their organized nature, by their lack of fear of risks, and by their ability to resolve new tasks without fear and in an uncompromising manner can fulfill these functions. They must be people who do not retreat in the face of diffficulties or a lack of discipline; people who build their authority on the art of unifying the efforts of the working collectives under them in order to achieve the best results in the economy; simply, people who have grasped that the successful realization of our strategic goals depends on our changing the quality of economic development.

That is also why the measures to enhance the efficiency of management must ensure the working people's active participation, and must direct counterplanning and socialist competition toward mobilizing reserves and achieving thrift and higher quality in the production of commodities.

I would especially like to point out the imperative need to expand the brigade forms of labor organization and remuneration, as well as to specifically break down economic accountability, particularly for those enterprise divisions which are meant to head the introduction of research and development results into production.

All these basic issues, which are connected with the improvement of the entire system of management and of management activity in general, must be systematically and resolutely worked out and gradually implemented in practical life. It is a task we address to all authoritative central agencies, and particularly the State Planning Commission; the State Commission for Research and Development and Investment Development; the Governmental Committee for Issues of Planned Management; the Ministries of Finance, Labor Social Affairs, and Foreign Trade; the Federal Pricing Office; and the State Bank.

At the same time this is a serious task for our economic research, for our theoretical front.

Comrades, in many respects the tasks which will be assessed by the 17th party congress in the most vital interest of our people are -- as the 15th Central Committee Session stated -- new tasks; and in view of the internal and envisaged external conditions they are complicated and highly exacting tasks. But they correspond to our possibilities and to the need to better satisfy the justified needs and interests of our citizens; they correspond to our endeavor to further strengthen the citizens' social certainties, and to ensure the overall advance of our country.

For the CPCZ, which will be commemorating the 65th anniversary of its establishment next year, these demands have always been the dominating feature of policy. Under the none-too-easy conditions of the past decades our party has been striving for the consistent fulfillment of these demands, proving its loyalty to the ideas of Marxism-Leninism and its unity, strength, and ability to act.

We have now reached a decisive phase in our preparations for the 17th congress. On the basis of the resolution adopted by the 15th Central Committee session, we are holding annual members meetings. Together with the preparation of all-factory, district, and regional party organizations' conferences, they unambiguously affirm that increased activity on the party of all Communists is capable of positively influencing our further social development.

We all realize that if we are to reach the goals of the coming period, each of us must contribute to this according to his best abilities and talents. At the same time, it is absolutely necessary to substantially improve the work of all management links. This also applies to the federal government and to the republican governments, which must purposefully work toward ensuring that the realization of the conclusions and directives of the 17th congress is manifested in the steadily growing trusts. Thus, they must also ensure the activity of all our citizens in their active approach to the given tasks.

Undoubtedly, a significant place in this all-social effort is held by the Revolutionary Trade Union Movement (ROH). Our plans and designs are counting on a broad upsurge in the initiative of working collectives.

This is why the appeal launched by the Central Trade Union Council (URO) to develop the movement for overfulfilling the tasks of next year's plan in cutting down material costs, enhancing labor productivity, and substantally improving the quality of the resulting production, deserves full support.

Everything we are now thinking through and preparing provides an opportunity for the full implementation of the creative and working talents of our younger generation. We expect the members and organizations of the Socialist Youth Union to play a role in the organization and orientation of young people's activity and initiative.

We are also counting on having other political parties and significant social and special-interest organizations of the National Front find their place in this broad creative stream.

Next year we will hold elections for all levels of legislative bodies and national committees. Their preparation provides great opportunities for enhancing the citizens' participation and assistance in embellishing our cities and communities -- in building facilities for general use, and in resolving a number of other issues connected with the improvement of our living environment.

Our party agencies and organizations are the inspiring and organizing factor which unifies all these efforts and directs them toward the key sectors and tasks. In order to be able to accomplish this task on the level of the set requirements, the party agencies and organizations must constantly improve the implementation of the party's leading role and the efficiency of their political-organizational work and ideological-educational activity among the people. They must improve their control function and be more demanding in their work with management cadres. The implementation of the party's leading role under contemporary conditions also demands that the Communists be exemplary in their work, in devotion, initiative, and activity, wherever they operate. This is the most effective road toward winning the other working people over to a committed approach to our present and future tasks, and to consistently fulfilling and securing them.

A number of workers, cooperative farmers, working collectives, foremen, technicians, and leading staff have undertaken valuable socialist pledges in honor of the 17th congress of our party; they are resolved to fulfill them honorably.

Surely I need not stress the significance of the economic weight, authority, and defense ability of the socialist countries, now and in the future, to preserve peace as the most valuable asset and right of the ordinary people of labor. It is with this awareness that we must approach the appraisal of our results and also our future tasks, because in our present work we are literally deciding the future fate of this country and the further development of our fatherland, the CSSR.

FURTHER REPORTAGE ON SHULTZ VISIT TO BUDAPEST

More on Press Conference

LD171147 Budapest MTI in English 1039 GMT 17 Dec 85

[Text] Budapest, December 16 (MTI) -- On Monday [16 December] George Shultz, secretary of state of the United States, termed his visit to Budapest and primarily his talks with HSWP General Secretary Janos Kadar as valuable and successful. He added that he would report on his favourable impressions in Washington.

At a half an hour press conference the U.S. secretary of state said in his talks with Janor Kadar they had discussed East-West relations in detail, and the American party was of the view that Soviet-American relations, and East-West relations in general, had reached a highly important, perhaps promising phase. The Budapest visit had offered particularly interesting and valuable observations in this aspect, he added.

The U.S. secretary of state said that Hungary and the United States were maintaining satisfactory relations and both sides wish to expand trade. The U.S. parry regards cultural exchange as a developing process and Shultz said that in the United States there was interest in the exhibition of Hungarian goldsmiths and silversmiths scheduled for next April. He was of the view that more events of the kind should be held.

Replying to a question by MTI's correspondent on the prospects of Hungarian-American economic relations George Shultz said that issues of granting the most favoured nation treatment have been raised in the U.S. Congress on several occasions. At present the secretary of state sees no chance for changing the related act, namely that the status of most favoured nation should be prolonged each year. He added, however, that issues could be put on the agenda at a suitable date. The United States has no reason to oppose the continuous granting of the status to Hungary.

According to the U.S. standpoint the trade turnover between Hungary and the United States is at a low level. Under such circumstances it would not be difficult to achieve a rapid increase. It is all the more desirable as both countries are integral part of world economy and 'trading nations'. Shultz held it as important that the governments should 'support and encourage' the expansion of trade.

Replying to a question about what the United States expects from East-West relations after the Geneva summit Shultz recalled that, although no forecast can be made, President Reagan termed his meeting with Mikhail Gorbachev as useful and valuable, and an opportunity for a thorough exchange of views. They agreed on some issues, for instance, that a nuclear war cannot be waged and such a clash would have no winner. Although it has often been said, their declaration was more important as it was included in the joint statement. Shultz said that they were acquainted with the fact that such a view was also seriously held by the Soviet side. We cannot know the future but I can state with confidence that considerable efforts are being made to maintain the constructive spirit and preserve our capacity to find common solutions to our problems.

The United States, Shultz emphasized, had worked out its schedule for the continuation of the Geneva dialogue. Shultz also attributed great importance to his present visit from this point of view. His talks in Budapest were instructive and contributed to understanding.

Shultz expressed his thanks to the Hungarian leaders and the people of the country for the cordial welcome, the interesting programme, and particularly for the chance to hold talks with Janos Kadar.

In the evening Peter Varkonyi gave a foreign ministerial gala dinner in honour of George Shultz.

Continuity of Relations Lauded

AU171107 Budapest MAGYAR HIRLAP in Hungarian 16 Dec 85 p 2

[Article by Ferenc Szaniszlo: "Hungary-U.S. Relations -- in the Spirit of Continuity"]

[Text] The development and future of Hungarian-U.S. relations is the central issue of the talks between Foereign Minister Peter Varkonyi and U.S. Secretary of State George Shultz, who arrived in Hungary on 15 December. In view of the past several years, it is perhaps not an exaggeration to conclude that our relations are characterized by continuity and balance. Nothing proves this better than the fact that meetings between the two countries' leading politicians, economic experts, and representatives of cultural and artistic life have become regular occurrences. George Bush was the first U.S. vice president to visit Hungary in September 1983. There has been an abrupt increase in the value of bilateral trade turnover: Hungary's exports to the United States in 1970 amounted to only $10 million. By 1984 this figure had risen to $250 million; in other words, Hungarian exports to the United States grew by 25 times in 14 years. A similar situation is also true in the area of imports: While we imported only $26 million worth of U.S. goods in 1970, we imported more than $200 million by 1984. As a result of the dynamic development of our trade relations, the United States has become our fourth most important partner in exports and the third most important partner in imports among the developed capitalist countries.

Following the cultural, scientific, and technological-scientific agreement signed in 1977, there has been an increase in the number of concerts and performances by artists and artistic groups in both countries and the mutually provided scholarships, symposiums, and exhibitions have facilitated the exchange of experience between the representatives of sciences.

These results are far from negligible. Our relations were at the bottom for decades and up to the beginning of the seventies they consisted only of standard diplomatic contacts. Hungarian-U.S. relations got on the road to normalization only in the seventies and this is reflected, among other things, by some basic economic and cultural agreements signed at that time. This positive process, which has been going on ever since, showed that, although half a continent and the ocean separate our countries, and although we belong to different social systems and military-political alliances, there are possibilities for developing good relations and mutually advantageous cooperation. The encouraging results of past years also prove that regular high-level political contacts contribute to a better understanding of and respect for each other's position.

The future of Hungarian-U.S. relations would in any case be favorably influenced if the United States did not decide annually whether Hungary and Hungarian exports should enjoy preferential treatment on the U.S. market each year. (application of the most-favored-nation status in fact means normal trade turnover free of discrimination.

(In addition to Hungary, Washington accords this status to Romania, Yugoslavia, and China from among the socialist countries.) Hungary and the United States have been applying the principle of most-favored status -- on a mutual basis -- since 1978. It is characteristic of its beneficial result that, while prior to 1978 a considerable part of Hungarian goods were subject to some 30 percent customs, since the agreement became valid this amount has dropped to less than 6 percent.

The U.S. Congress reexamines the extension of most favored status every year, however, and this practice causes uncertainty as regards the expansion of our economic relations and makes long-term planning for the experts more difficult. There have already been proposals in Congress to extend the most-favored-nation status for Hungary at least for a 5-year period. At his press conference on the occasion of his visit to Budapest in September 1983, Vice President George Bush told MAGYAR HIRLAP that he indeed saw possibilities for Hungary to be awarded the most-favored-nation status for more than a year. However, there has been no progress in this area so far.

In spite of the results achieved, the possibilites for expanding the Hungarian-U.S. relations have not yet been completely exhausted. The U.S. share of the entire Hungarian trade turnover is only 2.9 percent in exports and 2.4 percent in imports. Hungary's share of the U.S. trade turnover is even more insignificant. However, we can evaluate as a favorable sign, the fact that several cooperation agreements have already been signed in the areas of production, marketing, and technological-scientific research. (For example, Levi's jeans are manufactured in Hungary and Ikarus buses are assembled in the United States.) It is encouraging from our point of view that we achieved a surplus balance in our bilateral trade by 1984.

Hungarian-U.S. relations have stood the test of time and did not break in the years of tension in international life. Concluding his visit the year before last, Vice President George Bush declared that he understood the interests of Hungary and its people better than before and believed that both sides endeavored through the further improvement of bilateral relations and the active participation in international issues to contribute to peace and security in Europe and all over the world. "I leave Hungary with the conviction."stressed the vice president, "that we have done everything in order to deepen the cordial and lasting relations existing between our two countries, and it is my firm conviction that both sides will make further efforts and these efforts will lead to further cooperation."

We hope that Secretary of State George Shultz, who is visiting Hungary for the first time, will have similar things to say following the conclusion of his talks.

POZSGAY REPORT TO PEOPLE'S FRONT CONGRESS

LD160938 Budapest Television Service in Hungarian 1710 GMT 13 Dec 85

[Report by Imre Pozsgay, HNF National Council general secretary made at the 8th HNF Congress 13 December with observations by an unidentified reporter]

[Excerpts] [Reporter] After the introduction by Chairman Gyula Kallai, the podium was given to Imre Pozsgay, general secretary of the National Council of the Patriotic People's Front [HNF]. Imre Pozsgay began his report by speaking about preserving peace as being the most important issue. He stressed the potential of an active peace policy. He continued his report with the following:

[Pozsgay] The Eighth HNF Congress is an important stage in a series of domestic political events which are of great significance. This series began with the announcement of the staging of the 13th MSZMP Congress, with the preparations for this congress, and with the staging of the party congress. This was linked to the celebration of the 40th anniversary of Hungary's liberation, together with an appreciation of the Hungarian National Independence Front. The National Assembly and National Council elections were closely linked to these events.

The HNF National Council adopted as its national program the goals and resolutions of the 13th MSZMP Congress which had a bearing on all Hungarian citizens, and they were published in the HNF's electoral appeal. I consider it important to refer here as well as the basic idea of the resolution of the party congress which affects the fate of all of our people. It says the following:

Our most important task in the coming years is to continue our work aimed at creating an advanced socialist society by relying on our achievements which are of historic significance. We should reveal and make use of the resources inherent in the socialist system. By increasing the productive potential of our people's economy we shall create the conditions for a further improvement of the economic equilibrium and for a tangible raising of living standards. By developing science, culture, and education we should help people's creative abilities to unfold. By developing our democratic institutions in the spirit of our socialist goals we should strengthen national unity.

Having adopted this program, the HNF called on all Hungarian citizens to contribute to a faster development of the people's economy and to the strengthening of social security by mobilizing the creative potential of our society, uncovering resources and slumbering energies and by a better utilization of human abilities and potential. We identify with the concept that the development of socialist democracy, the perfection of the institutions of democracy and thereby the power of the working people, the consistent continuation of the alliance policy and the participation of the widest possible layers of society in public life and, as a consequence, in the shaping of the country's future, is a historic task. We consider the statements on the 13th MSZMP Congress resolutions referring to the activities of the HNF to be the guide for our course. We ask the Eighth HNF Congress to provide affirmative support for shouldering the above-mentioned goals.

The National Assembly and Council elections demonstrated that it was possible to pursue politics well in Hungary in the spirit of these main principles and goals. And only a policy of this kind can provide the opportunity for our country to work, with the agreement of society and in unison with public will, toward our development and greater wealth.

This period has been that of the Sixth 5-Year Plan of the people's economy. Its most important economic policy aim was to improve the equilibrium of the people's economy and to prepare for a new era of growth. Thanks to a consensus and the confidence between the people and the party and the people and the government, results were achieved in fundamental areas, such as in the preservation of the external balance and international solvency, the maintenance of the balance between supply and demand in the most important consumer areas, and in the preservation of full employment, security of existence, and living conditions.

At the same time, we have paid a high price for these achievements. Most important is the fact that for 7 years we have been pursuing a policy of austerity and tightness and so, owing to the restricted growth forced upon us, it has not been possible to transform the structure of production and create the means for technological development. We have tried to create economic equilibrium mainly by regulating the conditions of distribution and distribution itself, which have had social and social policy consequences causing tensions.

The situation of the majority of elderly deteriorated particularly because of the fall in the real value of pensions. Career choices and starting a career have become more difficult for young people, as have starting a family and creating a home. All this has caused some of our youth to feel they have no prospects and no way out. It would be damaging from the point of view of our socialist goals if the conviction developed in young people that the opportunity for initiative, mobility, changes in their job situation, or improvement of living conditions could be found only among the various forms of small and private ventures.

The slow-down in economic growth, long-term decline of real wages, stagnation or only slow growth of real incomes and deterioration in the living standards of certain strata, have put the tolerance of certain layers of society to the test, thus endangering the preservation of the results of socialist national unity, the alliance policy, and the consensus. Within the framework of these phenomena, we are examining the damaging and dangerous attitudes in society and the problems of failing to fit in, known in Hungarian history for a long time but which we have had to face recently and make a public assessment. I would mention only a few of these problems: the country's demographic situation and the serious social problems of suicide, crime, and alcoholism.

No smaller problem, posing no less threat to our society, is the decline in the prestige of honest work and the decay of the work ethic which can be seen in increasingly wider circles. Work performances have worsened in many areas of production, the services and office work. Work discipline has loosened, the fundamental norms of human behavior have been pushed into the background. Corrupt features have become permanent in some areas of social life, and abuses have multiplied.

These phenomena affect the entire society, including every family and every citizen. Directly or indirectly, they damage the values and perceptions of society, attack our sense of security, and breed dejection and bad humor. The 13th MSZMP Congress issued a resolute condemnation of attitudes damaging social coexistence, cooperation in the socialist spirit, and greater performance and hindering a more successful functioning of socialism, and it singled out tasks for their eradication. The HNF also takes a share of the tasks which need to be carried out in this area.

Among the above-mentioned contradictions and economic-social processes which bring achievements as well as problems, one trend has been forcefully manifest which serves the stabilization of society and the development and consolidation of society: Its essence is that on the basis of the ruling socialist productive conditions, and by strengthening them, taking into account goods, money and market conditions, we further developed our socialist system.

The changes which have taken place in the past years within the political domain and in the functioning of the system of political institutions, have helped to create the process of unfolding, the condition for the search of our road and consolidation.

In political life these initiatives have formed a part of the general program for the development of socialist democracy, by increasing the role and activity of the citizen and serving the unity of society, thus proving, at the same time, that socialism is not a society of enclosed political, organizational, and productive forms. This was proven by the successful implementation in 1985 of the new electoral law, by the steps taken to develop the work of parliament and the councils, the establishment of a two-tier public administration, the creation of bodies of aldermen in villages, and the introduction of new forms of enterprise management. The HNF has joined the economic plans and the development of the institutions of politics and the economy with concrete initiatives and with its active participation in their realization. It has proposed that the settlement policy pursued so far be revised and that the new settlement policy concept be approved.

The change in attitudes which adopted a new way of thinking about the role of the village and the town's surroundings has had a great significance. The organization of consumer interests proved in a very important area that the HNF could also shoulder concrete tasks of representing interests. From the point of view of society and the people's welfare we consider significant the establishment of the National Family Protection Council, the initiatives directed at establishing a state organization of the system of family protection, and the endeavors aimed at improving and strengthening the ties between the family and the school.

[Reporter] Imre Pozsgay considered that the HNF sessions, which represented the first great political dialogue in the wake of the party congress and the elections, were held in a critical and constructive spirit:

[Pozsgay] Esteemed congress, my dear friends. Looking at the tasks awaiting us in the period to come, first of all we must recognize that the social conditions of the HNF work have changed. The conditions of the policy of alliance and of national unity have changed, as have the social environs in which the HNF must also work. It is, however, still true that the alliance between the working class and the cooperative peasantry forms the foundation of the cooperation between the different groups of working society. We cannot, however, ignore the fact that these classes also possess their own internal structures, which are developing rapidly and which touch upon their interests as well.

The strengthening of national unity and consensus and the further development of the alliance with certain groups among the intelligentsia, are tasks which must be put on the agenda without delay. The solution of the tremendous tasks before us is inconceivable without the commitment and conscientious professional work of the intelligentsia. It is necessary to improve the conditions for the development of intellectual work, because the loss to the nation resulting from non-utilization of knowledge, the waste of skills, is greater even than the loss to the educated person.

Among other things, the fact that mobility among the intelligentsia, the movement in this sphere, is not in the direction of intellectual-professional tasks, is also one of the consequences of the slowing down of economic growth. This can create conflicts in the relationship between the intelligentsia and the political sphere. One or more groups in intellectual life may even leave the political sphere or may even choose the position of opposition. We must prove by our program, and the development of the concrete circumstances, that there is an ever greater need for the knowledge and social participation of the intelligentsia.

Socialism is the homeland of intelligent and worthwhile work. The transformation of the structure of society has resulted in the significant modification of the class, stratum, and group relations. Old dividing lines have disappeared and new contours have emerged in social stratification. Our society has become in some senses more uniform, but in other respects more complex and more differentiated. We cannot, therefore, carry on thinking in the old categories and cannot behave as if the face of our society had not changed at all during the past years and decades.

For the successful continuation of the policy of alliance it is necessary to have an up-to-date picture of society, one which reflects the latest results of the social sciences. The tasks must be deduced from the precise definition of the stage of development, and the necessary political consequences must be drawn on this basis. For this our point of departure is the analysis which our party gave of society at its 13th congress.

[Reporter] In analyzing the policy of alliance, the HNF secretary general said that the HNF was the movement which the party members and non-members shared. Naturally, this meant that in our country non-members could fulfill any function apart from party posts. At the present time, party members and non-members were equally concerned with what the future would bring.

[Pozsgay] The HNF movement supports the main goals of the Seventh 5-Year Plan. It does this by virtue of its special social vocation and purpose, endeavoring to implement the concept of settlement development approved by the National Assembly, the law on the protection of nature and the environment, the law on public education. It is working to ensure that uncontrollable processes should not gain strength in the relations of distribution, which bring about social differences that endanger the correct value system of society, its appropriate conduct and unity.

We well know, however, that the conditions of a more just distribution, one which gives greater recognition to the socially useful performance, can be created only through more efficient production. In order for the targets of the Seventh 5-Year Plan to be realized, for the scope for economic growth to increase, it is necessary to accelerate the transformation of the economic mechanism. A decisive measure is needed for the organization of a long-required but delayed change in the economic structure and for the curbing of activities which are detrimental to the entire economy.

This task requires re-thinking the principle of full employment, from the aspect of economic effectiveness. It is necessary to think through the entire institutional system of the retraining, employment and temporary supporting of those who are left temporarily out of work as a result of the accelerating structural change. Unless this is done, political problems will come about which will once again prevent the entire transformation of the structure, the elimination of the inefficient work places, and the restoration of work discipline.

The realization of socialist legality in the lives of the citizens is one of the greatest achievements of the almost 3 decades behind us. The same legality must now be extended and consistently employed, as regards the functioning of the enterprises, the cooperatives, the self-managing councils, and every other socially useful undertaking. We are familiar with the pressing circumstances which in the interest of equilibrium have made inevitable the interference in the economic processes, in enterprise independence. However, a situation could arise in which it is the interventions which maintain the pressing circumstances.

All this once again shows that if we expect the 5-year plan to produce more growth, and this is our goal, then the condition for this must be created by a more rapid change of the structure. This is also the only context in which it is worthwhile to examine the question of what further internal or external resources can be brought in for the realization of the plan targets. After all, a less effective structure can swallow up any amount of resources without producing a greater performance.

In formulating these requirements, we have taken as our point of departure the resolution of the 13th MSZMP Congress and are recognizing the interrelationships between the economic and the political sphere. We reject the view which, on the basis of the temporal coincidence of different matters, blames the economic reform and the further development of economic management for the difficulties of the country. We profess that it is precisely these difficulties and contradictions which have become sharper in our economy, and the problems with the equilibrium, which demand a more decisive progress along the path of reform, and not only in the economy.

The key to the solution of our problems lies not only in the relegation of one or other spheres of the economy but in society, in human beings. The mobilization of the abilities which exist in people presupposes the development of the entire society, the renewal of the institutions and methods, and the reorganization of the human and community relationships in accordance with the requirements of a socialism capable of much greater results than at present.

Taking a stand on behalf of economic efficiency and reform does not mean insensitivity to people's problems. On the contrary, it means the recognition and acknowledgement of the fact that greater economic results are needed for fulfilling people's cultural and living requirements, for the maintenance of a healthy way of life and decent family conditions, for the better realization of basic morals and decency.

Without the consistent reorganization of the economic foundations through reform, all references to humanity, justice, and decency remain empty preaching, moralizing or, in worst cases, demagogy. Unfounded ambitions and unclear political intentions can also hide behind these. Today the one who is on the side of the development of socialism, on the side of national welfare, is the one who places from among the national issues of our homeland the tasks connected with improving the economy in the first place. I am saying this within the context in which I spoke about this earlier, that is, that the key to the realization of the economic goals lies in society, in the human being, in that society and in that human being who recognizes the need for change and who is capable of action.

We believe that a socialism which is capable of great economic results, which is rich in material and intellectual wealth, can create the highest level of human freedom and democracy attained so far. In turn, greater freedom and democracy can shape the human being who is not led by mere existential considerations in his actions and in following his convictions, but by knowledge, morality, and a sense of responsibility. This is the man who is the subject of socialist progress and this is the progress which Hungarian society requires.

All this, however, cannot remain merely the concern of education or agitation, but assumes favorable conditions and security in the life of society, institutions and interests providing guarantees.

[Reporter] It is natural and necessary that there are different interests within society. Imre Pozsgay evaluated this phenomenon as one of the motivating forces toward greater results. However, he proposed to the National Presidium yet to be elected that the possibilities represented by interests and the protection of interests, for example in the sphere of family and social policy, in consumer infrastructure, in the sphere of settlement development, in the areas of the protection of the environment and of culture, should be examined.

The speech by the HNF secretary general dealt in detail with the stratum policy which, in the light of what was said, is an organic part of the policy of alliance. Let us cite a few of these ideas. Youth exists not merely as a category referring to age but also as a community of interests; the solution to the gypsy situation involves social, ethnic, cultural, and linguistic questions; there are still a considerable number of people who can be regarded as disadvantaged because of their circumstances of life. The secretary general mentioned those who live in small settlements and homesteads which lack facilities, those with large families, people starting out on their careers and a proportion of the old age pensioners. The question of the new contradictions which have arisen as a result of the achievements in the sphere of the equality of women remains a debated issue.

Nationality policy has always been an important part of the HNF movement. Let us now cite Imre Pozsgay on this topic:

[Pozsgay] Our nationality policy possesses great significance in the socialist unity of our society.

In our country there are a number of nationalities: Germans, Slovaks, Romanians, Serbs, Croatians and Slovians. On the other hand, almost one-third of the Hungarians live outside our borders, mainly in the neighboring socialist countries and in Austria.

Nationalities play an important role in the cultivation of the friendship between the Hungarians and neighboring peoples, in the strengthening of the cooperation between our countries. We regard it as natural that the nationalities living in our country use their vernacular, develop their culture, strengthen their family and institutional ties with those who speak the same mother tongue, with the mother nations, while they regard the Hungarian People's Republic as their homeland. For them this homeland assures complete equality, including the communal rights.

Naturally, we also require that the Hungarian population of the neighboring countries should also learn and use its vernacular, enrich its national culture, cultivate its traditions, as loyal citizens of their homelands, that it should maintain and strengthen its family, friendship, and institutional links with the mother nation, with socialist Hungary.

The HNF regards supporting the cause of the nationalities at home as one of its important tasks. Nationality associations are members of the HNF and are active participants in the movement. At the same time, we maintain that the nation within whose framework they live can do the most for the fate, for the future of the nationalities, the national minorities, for the development of their situation and thus the responsibility belongs first and foremost to the majority nation.

[Reporter] I think that it was a very important remark in the general secretary's report that the common agreement among the citizens was created on a political basis, that is to say not an ideological, world-outlook basis. Imre Pozsgay illustrated this with an interesting example.

[Pozsgay] Let me relate an incident that occurred recently at one of the HFN's county conferences. The chairman addressed the Calvinist dean who was to speak as a comrade. The speaker began as follows: If we consider as common principles respect for each other, the guidance of the family's loving, cohesive strength, the improving of morals, the encouragement of disciplined work, the cooperation that serves the good of the people, the affirmation of peaceful life, then we can be comrades in this and we accept gladly this term of address. I would add to this... [applause] I would add to this by way of summary, that I think this is the point. The nation's present and future destiny is our common responsibility and our common task. In all this, and it is not a little, we must be partners in principles and actions alike.

What socialism needs is for the number of its supporters to grow. And if our economy, because of the world economic problems which burden it and because of its own contradictions, has in any case narrowed down the political scope of action, let us not narrow it down further by pursuing the line of isolation rather than debate and argument.

Mutual trust urges us to participate, to act responsibly while lack of trust urges us to withdraw or, beyond a certain point, to confront. Trust is the weapon of the strong; lack of trust, suspicion, is that of the weak. Trust requires creditable personalities in public life and what is more they must be made creditable by the will of the community and not the grace of superiority. There is no doubt that the community can also make mistakes. For this reason the life and self-government of the communities must be done in such a way that those who take the decisions should bear the consequences of their errors, but they should also be given the possibility for rapid correction.

Public life which evolves in such a way, sometimes at the cost of bitter lessons, sooner or later will find those who have personal worthiness, leading ability, who receive their prestige not from their positions but who themselves lend prestige to the post they hold. Where society is built from many such communities and personalities worthy of them, there socialism is also at home and in such a system can we really put an equal sign between people and socialism.

Esteemed Congress, our dear friends. Gyula Illyes, a writer, speaking about Endre Bajcsy Zsilinszky, the executed Hungarian antifascist politician, recognizing the supreme law of his life and undertaking, said: Ownership obliges. Which is to say that a person who feels a home, a country, a homeland to be his own, also feels responsible for it, also undertakes a commitment, and is ready to act for it.

This movement can have no finer calling than to labor for the goal that every decent Hungarian citizen should consider this homeland as his home, should feel himself in possession in this country, because this is the guarantee of the future, of our nation and of our socialist society. This is at all times the key of survival and renewal, the paramount condition of the big concept of the reform era: homeland and progress. However, this is also one of the most important conditions of peace, here at home and also in the world. Because if a person feels at home somewhere in the world, he does not want to blow it up. We can do the most for peace, for the friendshp of peoples, for national and universal human understanding, for the undying idea of internationalism, if we keep this in focus.

This is a program which is the program of the whole of socialist society: it gives a sense and a wider perspective to the daily work, it gives content to the words, to the slogans and intentions of national unity, of the policy of alliance, of common agreement.

In the wake of this congress, the HNF will begin the work of a new cycle. We can now hope that this will take place in a more favorable international atmosphere, and therefore, in our own household too, with better, more reassuring prospects, albeit not with smaller problems, not amid more negligible difficulties. I am confident that after a substantial and wide-ranging debate we ourselves will also reach agreement here in this hall with respect to the movement's program, the main tasks that face us in the years to come. Thank you very much. [thunderous applause]

[Reporter] After the reports the Congress listened to the report of the National Financial Control Committee and then the debate on the congress reports began.

KADAR COMMENTS ON ECONOMIC REFORM'S OUTLOOK

LD171148 Budapest Television Service in Hungarian 1900 GMT 15 Dec 85

[Excerpts] Janos Kadar, general secretary of the MSZMP, at the invitation of Austrian Chancellor Rudolf Kirchschlaeger, made a brief visit to Austria on Wednesday [11 December]. At the end of his visit, Janos Kadar gave an interview for Austrian television. The last question enquired about the circumstances under which the Hungarian economic reform is taking place.

[Begin Kadar recording] The reforms have by now a decade-long history. A well thought out and consistent endeavor are expressed by them, the essence of which I will not detail here. We want to work more flexibly and quickly; this is our primary motivation. I can, in reply to your question, speak directly, so to speak, because I have heard and read a lot from time to time that the process of the reform is again in trouble, I have never experienced this, not once. We are consistent in this regard; we have been doing it until now and we shall continue it; we shall do every rational thing necessary to increase the effectiveness of economic work in Hungary. I usually add to this that we do not export our reforms, and we start out from our own situation, looking for rational solutions. We will continue this. [end recording]

URBAN SAYS U.S. DIPLOMAT TRAVEL PROBLEMS 'UNTRUE'

LD171554 Warsaw Domestic Service in Polish 1500 GMT 17 Dec 85

[Text] Jerzy Urban, the government spokesman, began his weekly conference for foreign journalists by denying several reports broadcast by Western radio stations and the press which concerned Polish affairs.

He said that the statement made by Radio Free Europe [RFE] that U.S. diplomats in Poland have to acquire tickets and book hotels through some sort of special travel agency is totally untrue. This statement was made in connection with the fact that Polish authorities were informed that the United States meant to impose such travel restrictions against the representatives of Poland, restrictions the Polish side has protested.

The spokesman also mentioned Erich Honecker's visit to Poland yesterday, saying that it was one of the traditional, yearly meetings between the leaders of Poland and the GDR.

Asked about the atmosphere in higher education establishments after the recent personnel changes, Jerzy Urban said that the schools are peacefully implementing their tasks and that a climate of work was reigning there. Of course the changes are being commented upon, there are differences of opinion on the subject, but they do not prompt disturbances.

GDANSK VOIVODSHIP COMMITTEE SECRETARY REPLACED

LD180418 Warsaw PAP Maritime Press Service in Polish 1200 GMT 17 Dec 85

[Text] Gdansk-Gdynia, 17 Dec (PAP) -- During yesterday's plenum of the PZPR Voivodship Committee in Gdansk, Joanna Michalowska Gumowska was released from the function of voivodship committee secretary in connection with her appointment as Minister of Education and Upbringing. In a secret vote, Professor Doctor Izydor Sobczak of the Gdansk University, was elected to replace her.

POLITBURO DISCUSSES DRAFT PZPR PROGRAM

LD171951 Warsaw Domestic Service in Polish 1830 GMT 17 Dec 85

[Text] The PZPR Central Committee Politburo held a meeting today. Progress in preparing the Draft PZPR Program and comments and suggestions submitted on this document during the second National Ideological and Theoretical PZPR Conference were discussed.

The results of the check on the implementation of the resolution of last year's 18th PZPR Central Committee Plenum were examined as well as the implementation of the program for the economic education of society and preparations for the congress of intellectuals in defense of the peaceful future of the world.

The Politburo heard a report on the friendly working visit by Erich Honecker, secretary general of the SED Central Committee, to Poland and approved its results contained in the joint communique, as well as a report on the course and results of the visit to our state by Willy Brandt, chairman of the Social Democratic Party of Germany.

REPORTAGE ON VISIT BY GDR'S ERICH HONECKER

Honecker, Delegation Arrive

LD161004 East Berlin ADN International Service in German 0943 GMT 16 Dec 85

[Text] Warsaw, 16 Dec (ADN) -- Erich Honecker, general secretary of the SED Central Committee and chairman of the GDR Council of State, arrived in the Polish capital this morning at the invitation of Wojciech Jaruzelski, first secretary of the PZPR Central Committee and chairman of the Council of State of the Polish People's Republic. Erich Honecker was fraternally welcomed by Wojciech Jaruzeski at Warsaw-Okecie Airport, which was decorated with flags.

Erich Honecker is accompanied by Guenter Sieber, member of the SED Central Committee and director of the International Relations Department of the Central Committee; State Secretary Frank-Joachim Herrmann, candidate of the SED Central Committee and head of the Chancery of the State Council chairman; and Horst Neubauer, candidate member of the SED Central Committee and GDR ambassador to Poland.

Talks With Jaruzelski Begin

LD161107 East Berlin ADN International Service in German 1056 GMT 16 Dec 85

[Text] Warsaw, 16 Dec (ADN) -- Talks began in Otwock Palace near Warsaw on Monday morning [16 December] between Erich Honecker, general secretary of the SED Central Committee and chairman of the GDR Council of State, and Wojciech Jaruzelski, first secretary of the PZPR Central Committee and chairman of the Council of State of the Polish People's Republic.

Cooperation Accord Signed

LD161511 East Berlin ADN International Service in German 1445 GMT 16 Dec 85

[Text] Warsaw, 16 Dec (ADN) -- A long-term program for the development of cooperation between the GDR and the PPR in science, technology and production for the period up to the year 2000 was signed today by Erich Honecker and Wojciech Jaruzelski.

The ceremony at the Otwock Palace near Warsaw was attended by members of the PZPR leadership and the members of Erich Honecker's delegation. Afterward Wojciech Jaruzelski hosted a dinner in honor of Erich Honecker.

Communique Issued

LD162023 East Berlin ADN International Service in German 1821 GMT 16 Dec 85

["Text" of joint communique on the meeting Erich Honecker, general secretary of the SED Central Committee and chairman of the GDR State Council, and Wojciech Jaruzelski, first secretary of the PZPR Central Committee and chairman of the PPR State Council, on 16 December in Warsaw]

[Text] Berlin, 16 Dec (ADN) -- At the invitation of Wojciech Jaruzelski, first secretary of the PZPR Central Committee and chairman of the PPR State Council, Erich Honecker, general secretary of the SED Central Committee and chairman of the GDR State Council, paid a friendship visit on 16 December 1985 to the PPR.

Erich Honecker and Wojciech Jaruzelski briefed each other on the main tasks in the construction of socialism in both states and on the state of the preparations for the 11th SED Congress and the 10th PZPR Congress in 1986.

They assessed the state and prospects of bilateral cooperation in the political, economic, scientific-technological, and cultural fields, as well as in other areas. It was noted with satisfaction that the agreements concluded during the official friendship visit of a GDR party and state delegation to the PPR in August 1983 and the friendly meeting in the GDR between Comrades Erich Honecker and Wojciech Jaruzelski in November 1984 were being purposefully fulfilled, and having led to the expansion and significant deepening of the multifaceted cooperation between the fraternal parties and states.

The interlocutors stressed that they agree on the great importance of relations of firm friendship and close cooperation between the GDR and the PPR, the further deepening of fraternal links with the USSR, and cooperation within the framework of the political and defense alliance of the Warsaw Pact for the construction of socialism in both countries, for securing the unity and cohesion of the socialist community, and for guaranteeing peace and security in Europe.

They underlined the decisive importance of the trusting cooperation between the SED and the PZPR for the high level of relations which had been achieved between our states and peoples. They spoke in favor of continuing and more effectively developing the fraternal cooperation between the Central Committee, the bezirk and voivodship party leaderships, and the party organizations of partner enterprises.

The high level of cooperation between the parliaments, governments, and friendly parties, between the GDR National Front and the Patriotic Movement for National Rebirth [PRON], and between the trade unions and youth organizations of both states was satisfactorily appraised. It was deemed necessary to continue this cooperation and to enrich it with new forms.

Both sides held the view that a good tradition of meetings between the young generation in the GDR and the PPR had been created by the holiday exchange of children and young people which has been going now on for 3 years. They agreed to continue this exchange on the basis of relevant agreements.

They noted their support for the efforts of the trade unions of the two countries as well as for the expansion of their cooperation and holiday exchange. In tourism both sides will continue to develop forms of social exchange and organized tourism.

Erich Honecker and Wojciech Jaruzelski stressed that the economic strategy of both parties and states aimed at a comprehensive intensification of the economy, increase in efficiency, and acceleration of the pace of scientific-technological progress.

It was noted with satisfaction that the fundamental agreements of August 1983 and November 1984 have led to a significant stepping up of economic and scientific-technical cooperation.

Starting from the fact that a qualitatively higher level of cooperation development has been achieved, and guided by the desire to create a joint concept of all-around deepening of socialist economic integration for both countries and to implement the decisions of the economic consultation of the CEMA countries at the highest level, Erich Honecker, general secretary of the SED Central Committee and chairman of the GDR Council of State, and Wojciech Jaruzelski, first secretary of the PZPR Central Committee and chairman of the PPR Council of State, signed the "Long-Term Program for Development of Cooperation Between the GDR and the PPR in the Area of Science, Technology, and Production for the Period up to the Year 2000."

The long-term program aims to make even more efficient use of science and technology, which is the most important link in the chain of economic strategy, for the comprehensive intensification of the economies of the two countries.

Satisfaction was expressed at the signing of the protocol on the coordination of the economic plans of the two countries for the period 1986-1990. In accordance with the agreements, trade between the GDR and the PPR will exceed 11 billion rubles in the period 1986-1990, which represents an increase of some 30 percent over the present 5-year plan.

The reaching of agreement on projects for specialization and cooperation in production means that the proportion of specialized and cooperative products in trade will increase considerably in 1990.

This has created decisive foundations for the long-term dynamic development of scientific-technical cooperation, the planned deepening of division of labor, and the increasing of trade. It also makes an active contribution to improving supplies of high-quality consumer goods for the population. This finds expression in growing foreign trade turnover of recent years and in the deepening of research and production cooperation in decisive areas of the economy. For the first time, mutual trade will amount to over 2 billion rubles in 1985. The long-term trade agreement for the period 1986-1990 creates further possibilities for increasing the foreign trade turnover between the two countries.

The proven cooperation in the mutual safeguarding of raw material and fuel supplies, the development and use in production of key technologies and top-level performance, among other things in flexible production lines with automated control systems, industrial robots, microelectronic products, rationalized methods of crude oil processing, petrochemical products, and technologies and equipment for the food industry will be expanded and deepened.

This makes a significant contribution to the more rapid rise in labor productivity and to the implementation of a high level of materials and energy saving.

The joint view was taken that the GDR and the PPR have at their disposal a coordinated strategic conception for the development of reciprocal trade relations with the long-term program of cooperation up to the year 2000, the results of the coordination of the national economic plans for the years 1986-1990, and the long-term trade agreement for the years 1986-1990.

Both sides expressed their firm intention to even more strongly direct cooperation toward the solution of important economic problems. This is for the benefit of both nations and to make an increasing contribution to deepening and perfecting cooperation among the socialist states and to the development of socialist economic integration among the CEMA states.

The joint economic committee was delegated to implement the concluded agreements.

In assessing the results of cultural-scientific cooperation, both sides stressed the need to acquaint each other's populations even more widely with the development of the construction of socialism in both states and with cultural gains and scientific advances. They also decided to further direct contacts between cultural workers, between cultural and scientific institutions and institutes, as well as between the mass media of the two countries.

In this context much importance is attributed to the Days of GDR Culture in the PPR and the Days of PPR Culture in the GDR, which have been agreed on for 1986.

Erich Honecker and Wojciech Jaruzelski held an exchange of views on current key problems of the international situation, taking account of the talks which took place recently in Geneva between CPSU General Secretary M. Gorbachev and U.S. President R. Reagan.

They reaffirmed their full support for the constructive stance taken by the Soviet Union in these talks and expressed their respect for the intensive efforts undertaken by the Soviet Union to achieve positive results in the spirit of the joint line of the socialist community of states that was agreed upon at the Sofia meeting of the Political Consultative Committee of the Warsaw Pact states.

Erich Honecker and Wojciech Jaruzelski pointed out that the cause of the dangerous state of international relations was to be found in the confrontation policy of imperialism, found above all in the United States.

In agreement with the assessment reached in Prague at the meeting of the highest representatives of the Warsaw Pact states, Erich Honecker and Wojciech Jaruzelski expressed the conviction that the results of the Geneva meeting created more favorable conditions for a solution for all of mankind to the most urgent problems of war and peace as well as of international security.

They welcomed the acceleration [as received] of the Geneva talks and the fulfillment of the aims agreed upon in the Soviet-U.S. declaration of 8 January 1985, above all to prevent an arms race in space, to end it on earth, and to limit and reduce nuclear arms, as well as to strengthen strategic stability.

They stressed the significance of increased efforts and the active cooperation of all states for an improvement of the international situation and for a return to cooperation based on equal rights.

Both sides noted they would make every effort for the continuation of the CSCE process, would support the consistent implementation of the Helsinki Final Act, and would be prepared to participate constructively in the work of the all-European forum and open up new forms of cooperation.

Erich Honecker and Wojciech Jaruzelski stated that economic restrictions and any other discriminatory measures as means of putting political pressure on sovereign states contradict international law.

The general secretary of the SED Central Committee and the first secretary of the PZPR Central Committee reaffirmed that the inviolability of the borders and respect for the territorial integrity and sovereignty of all states in Europe within their present borders is a fundamental condition for peace. They pointed to the dangers emanating from the attempts by revanchist forces to undermine the existing territorial-political system, and said that they would continue to administer a decisive rebuff to them.

They noted that the GDR and the PPR support a peaceful and lasting solution at the earliest possible time to the situations of conflict in various parts of the world.

They expressed the solidarity of both parties and states with the struggle of the peoples of Asia, Africa, and Latin America for national and social liberation and against imperialism and all forms of colonialism, necolonialism, and racism.

They noted that they are convinced of the need to rearrange the entire system of international economic relations on a just and democratic basis, and to create a New International Economic Order. They also maintain that a just settlement is required for the problem of indebtedness, the more so as it is one of the greatest obstacles to economic and social progress of the developing countries.

Both states highly assessed the 40-year efforts of the United Nations for guaranteeing peace, international security, and the development of equal cooperation.

It was stated that GDR and the PPR will continue their active support for an increase in the contribution of the United Nations to the solution of the problems facing mankind.

Erich Honecker and Wojciech Jaruzelski gave a high assessment of the course and results of the talks and expressed their conviction that they would contribute to deepening the fraternal friendship and all-around cooperation between the SED and the PZPR and between the GDR and the PPR.

Erich Honecker, general secretary of the SED Central Committee and chairman of the GDR Council of State, invited Wojciech Jaruzelski, first secretary of the PZPR Central Committee and chairman of the PPR Council of State, to visit the GDR. The invitation was gratefully accepted.

Honecker Ends Visit, Departs

LD161658 East Berlin ADN International Service in German 1637 GMT 16 Dec 81

[Text] Warsaw, 16 Dec (ADN) -- Erich Honecker, general secretary of the SED Central Committee and chairman of the GDR State Council, concluded his 1-day friendship visit to the PPR late this afternoon and has returned to the GDR.

At Warsaw-Okecie Airport he and his entourage were very cordially seen off by Wojciech Jaruzelski, first secretary of the PZPR Central Committee and chairman of the PPR State Council, and other Polish personages.

FURTHER ON ARRESTS OF SOLIDARITY MEMBERS

AU171221 Vienna ORF Teletext in German 1204 GMT 17 Dec 85

[Text] Warsaw -- After 3 hours three of those arrested -- among them Kazimierz Switon -- were released again. Only Andrzej Rozploachowski, who is accused by the police of having given a speech at Katowice, is still under arrest.

REPORT ON WALESA, CURRENT SOLIDARITY STATUS

AU161956 [Editorial Report] Vienna NEUE KRONEN-ZEITUNG in German on 15 December carries on pages 24-26 a 1,200 word feature report by special correspondent Michael Jeannee entitled "Polish Christmas: Struggle, Hunger, Cold; Visit to Walesa in Gdansk."

The author describes a mass he attended on 15 December at the St. Brygidy workers church in Gdansk, a mass celebrated by Solidarity leader Lech Walesa's father-confessor Henryk Jankowski and devoted to the victims of the state of emergency in Poland. He says that after the mass all participants gathered in the churchyard, waiting for Walesa and Jankowski to walk across the yard to the presbytery, and describes how they made room for them to pass, chanting "No freedom without Solidarity! We want Lech Walesa." He continues:

"The two men walk up the stairs to the presbytery, and suddenly a loudspeaker appears in Jankowski's hands and the priest's voice thunders over the heads of the people: 'Be patient, friends, and have confidence. We will be victorious.'

"With a smile Lech Walesa grabs the microphone from the priest: 'And that is precisely what I am going to tell the state prosecutor tomorrow: We will be victorious, Mr. State Prosecutor.' "And the crowd replies, chanting: 'No freedom without Solidarity! No freedom without Solidarity! No freedom without Solidarity!"

After noting that Lech Walesa last week was questioned three times for hours by the Gdansk state prosecutor, Jeannee quotes Walesa as having replied to his question as to what he had been charged with: "I don't exactly know. The indictment is more than 1,000 pages long. To date, I have only been able to read 300 pages. The ridiculous quintessence of this compilation seems to me to be the following: They pretend that August 1980 never happened. They deny the fact that at that time 10 million people united within 10 days and established Solidarity. They deny what actually happened at that time, and they have not learned any lessons from it."

In response to the next question, as to whether there is any hope left in Poland now that, unlike 1980, Solidarity no longer exists at Christmas 1985, Walesa reportedly says: "When you say that Solidarity does not exist any more, you are absolutely wrong. Solidarity does exist! It exists even more efficiently now than before it was banned. Only the form of its existence has changed. Strikes, demonstrations, masses in the streets -- we do not need that any more today. Today Solidarity is acting behind the scenes: more prudent, more experienced, and better. To say it quite plainly: Our hope has grown. Five years ago we only knew what we were fighting for. Today we also know who we are fighting against, why, and how. Christmas 1985 will be a good Christmas for the Poles."

In the last part of his report, Jeannee describes his talks with a number of "plain people" concerning their problems and hardships in everyday life in Poland and says: "They are hungry, have little hope, and are miserable and cold, and they tell shocking stories of meanness and inhumaneness." He adds: "But they also say: 'Give up? Perish? Resign? Never! We have the church, we have Solidarity, we have Walesa."

ECONOMIC DEVELOPMENTS IN 1985 REPORTED

LD142227 Warsaw PAP in English 2007 GMT 14 Dec 85

[Text] Warsaw, Dec 14 -- According to a report filed by the Central Statistical Office, Poland's economic performance from January till November 1985 was marked by the following factors:

-- Production and labour productivity in industry and building were higher than a year ago, still the pace of growth in industry was slightly lower than that assumed in the annual plan.

-- Procurement of livestock, especially of hogs and eggs, was higher, while the procurement of milk declined.

-- Higher than a year ago and than those assumed in the annual plan were the investment spendings and particularly the purchase of machines and equipment.

-- The past few months recorded a considerable acceleration in housing building, however the number of apartments built during 11 months this year was smaller than last year.

-- In comparison to the analogous period last year, foreign trade recorded a growth, except for exports to the convertible currency zone.

-- Population's incomes were higher than the planned level and exceeded its expenditures; population's financial means rose considerably.

-- The supplies of basic foodstuffs satisfied population's demands, while insufficiencies were recorded in certain non-food products.

Industry

In November, the sold production/industrial production index of the socialized industry in constant prices was by 4.4 per cent higher than a year ago, out of which, 2.7 per cent fell to the mining industry and 4.5 per cent to the processing industry.

The total hard coal production during the 11 months reached the level of the analogous period last year, while lignite production recorded a considerable growth.

Realization of the Central Annual Plan for the year 1985, in the production sold between January and November 1985, reached 91 per cent.

Agriculture

The procurement of food grain from the beginning of the campaign till November totaled 4.9 million tonnes and was slightly lower from the figures of the analogous period last year. The procurement of potatoes totaled 3.4 million tonnes and was 6 per cent lower from the last year purchases. From January to November, the procurement of heads of beef grew by 2.7 per cent, of hogs by 15.1 per cent and poultry by 12.5 per cent.

In that period, the procurement of milk reached 10.4 billion liters, a 3 per cent decline from the analogous period last year. Purchases of eggs reached 2.8 billion, almost six per cent more than last year.

An agreement on rescheduling the FRG-guaranteed Polish debt, due in 1985, was signed in Warsaw. The rescheduled payment of about 1 billion DM, originally to be paid within this year and comprising principal part-repayments and interest, will be paid in the years 1991-95.

Building

The basic production of socialized building-assembling enterprises in constant prices was in November by 0.7 per cent higher and in the period between January and November 1985 by 3.7 per cent higher than in the analogous period last year.

The 97.1 thousand apartments handed over for use in the socialized housing from January till November 1985 was by 7.1 per cent lower than last year figures.

The number of apartments under construction at the end of November totaled 163.5 thousand and showed 4.6 per cent decline from last year.

Transport

Between January and November socialized transport enterprises carried 1,001.3 million tonnes of cargo i.e. 35.1 million tonnes (3.4 per cent) less than the analogous period last year, with the largest decline in the freight concerning maritime shipping and road transport.

Foreign Trade

Poland's export between January and November 1985 was by 1.9 per cent higher and imports rose by 8.3 per cent over last year figures.

In trade with non-convertible currency zone, the January-November period, export was marked by a 7.8 per cent growth in constant prices, and imports rose by 6.6 per cent over last year. Import surplus over exports in current prices totaled 685 million roubles.

In trade with convertible currency zone, from January till November, export in constant prices dropped by 3.5 per cent and import rose by 10.5 per cent over last year. At the end of November, export surplus over imports totaled 931 million dollars.

Employment

From January till November, an average employment figure in four basic branches of socialized economy: industry, building, transport and communication and trade, totaled 7,632.2 thousand and was lower by 19.3 thousand, i.e. by 0.3 per cent than in the analogous period last year.

Wages, Old and Disability Pensions

Average monthly wages in socialized economy between January and November, recorded an 18.5 per cent growth over last year.

In comparison to the same period, an average monthly old age and disability pension (pensions in agriculture, exclusive) rose by 14.8 per cent.

Population's Incomes and Spendings

Population's incomes over the period from Janary till November 1985 totaled 5,770.2 billion with spendings reaching 5,171.2 zlotys.

Population's financial means over the last 11 months rose by 599 billion zlotys, out of which savings-bank deposits grew by 383.9 billion zlotys and cash resources by 216.1 billion zlotys.

Home Trade

In November, retail sale of goods by socialized economy outlets reached the value of 444.5 billion zlotys in current prices and was higher by 18.4 per cent than last year figures, Sales of food grew by 26 per cent than last year figures, spirits by 12 per cent, non-food products by 16 per cent.

DEFENSE, METALLURGICAL MINISTERS REPLACED

AU171935 Bucharest AGERPRES in English 1927 GMT 17 Dec 85

["For the Record" -- AGERPRES Headline]

[Text] Bucharest, AGERPRES 17/12/1985 -- By presidential decree, Colonel General Constantin Olteanu was released from the office of minister of national defence of Romania and is to take up other appointments. Colonel-General Vasile Milea was appointed to this office, who had been first deputy minister of national Defence and chief of the General Staff.

Marin Enache was appointed minister of the metallurgical industry to replace Neculai Agachi, who is to take up other appointments.

VADUVA TO VISIT USSR IN LATTER PART OF DEC

AU161931 Bucharest AGERPRES in English 1845 GMT 16 Dec 85

[Text] Bucharest AGERPRES 16/12/1985 -- Ilie Vaduva, member of the CC of the RCP, minister of foreign affairs of Romania, will pay an official visit of friendship to the Soviet Union in the last decade [as received] of December, 1985, at the invitation of the Soviet Government.

GNA PROCEEDINGS RESUME 17 DEC, BILLS PRESENTED

AU171927 Bucharest AGERPRES in English 1843 GMT 17 Dec 85

[Excerpts] Bucharest, AGERPRES 17/12/1985 -- The works of the second session of the ninth term of the Grand National Assembly [GNA] (the parliament) resumed in plenum on December 17, in the presence of Nicolae Ceausescu, RCP general secretary, president of Romania.

Stefan Birlea, chairman of the State Planning Committee presented the memorandum of the bill on the single national plan of Romania's socio-economic development in 1986; Gheorghe David, minister of agriculture, presented the memorandum of the bill on the development plan of agriculture and food industry in 1986; and Petre Gigea, minister of finance, presented the memorandum of the bill on Romania's state budget for 1986.

The coreport of the Supreme Council of Economic and Social Development of Romania on the three bills was then presented by Manea Manescu, deputy chairman of the Supreme Council.

The joint report of the standing commissions of the Grand National Assembly, that approved the bill submitted to debate, was read out by Elena Pugna, deputy chairman of the Commission on Industry and Economic and Financial Activity.

The session proceedings continued.

FURTHER REPORTAGE ON SHULTZ VISIT, MEETINGS

Talks With Dizdarevic

LD171517 Belgrade TANJUG Domestic Service in Serbo-Croatian 1430 GMT 17 Dec 85

[Text] Belgrade, 17 Dec TANJUG -- Raif Dizdarevic, federal secretary for foreign affairs, and George Shultz, U.S. secretary of state, today assessed that relations between Yugoslavia and the United States are developing successfully. They expressed the hope that bilateral cooperation would further improve on lasting and stable bases.

The official talks between Dizdarevic and Shultz lasted more than 2 hours. In an atmosphere of cordiality, openness, and spontaneity, they discussed all aspects of bilateral cooperation and a series of topical international questions.

The federal secretary for foreign affairs stressed that Yugoslavia was interested in good and stable relations with the United States on the bases on which these relations had been built. These are among others, respect for independence, sovereignty, equality, noninterference, and full consideration for the differences of internal development and international position, as well as consideration for differences on some international questions which should not hinder bilateral cooperation.

The U.S. secretary of state agreed with the assessment that bilateral relations were very good. He said that the United States "cherishes great respect for Yugoslav independence and integrity." He also said that the United States "respects the wish and ability of Yugoslavia to openly discuss everything, freely and critically express views and independently make assessments, and put forward views of international conditions and everything else which is the subject of dialogue."

More on Dizdarevic-Shultz Talks

AU171604 Belgrade Domestic Service in Serbo-Croatian 1400 GMT 17 Dec 85

[Slobodan Kovacevic report]

[Excerpt] The official Yugoslav-American talks lasted a little over 2 hours, passed in a cordial atmosphere, and were characterized by frankness and directness [otvorenost I neposrednost] of the dialogue.

The talks first concerned the domain of bilateral cooperation. Both sides pointed out that political relations can be assessed as good and that they represent the cornerstone of the overall relations between the two countries. Satisfaction with the state and level of the development of relations was pointed out, and an equal desire for future development of the relations was expressed. It was noted that a very high level of cooperation and understanding had been achieved in a many areas. The Yugoslav side this time also reiterated its interest in good relations with the United States on the principles of full respect, noninterference, sovereignty, and independence, along with full respect for the different international position of the two countries and the different socioeconomic orders.

George Shultz stressed that the United States cherishes a great respect for the independence and integrity of Yugoslavia and its capability to openly discuss all international problems, and that he is also impressed by efforts invested and results achieved in Yugoslavia recently on stabilizing economic trends.

The talks also touched on international terrorism. Both sides stressed that it is a difficult international problem, the solution of which the international community at large should participate in. Raif Dizdarevic, federal secretary for foreign affairs, pointed out that one should differentiate liberation movements and their struggle against colonialism and aggression from international terrorism.

In the part of the talks devoted to international topics, George Shultz thoroughly briefed Raif Dizdarevic on the results of the Geneva summit between President Reagan and Soviet leader Gorbachev, assessing the meeting as the first significant and constructive step in overcoming the existing stagnation in the relations between the great powers. Raif Dizdarevic informed his guest about the Yugoslav view of the Geneva meeting and our assessments of the summit.

Raif Dizdarevic hosted a luncheon in honor of the prominent guest from the United States, at which toasts were exchanged.

Luncheon Toasts Exchanged

LD171937 Belgrade TANJUG in English 1816 GMT 17 Dec 85

[Text] Belgrade, Dec 17 (TANJUG) -- The world's future lies in active and peaceful coexistence between sovereign and independent states, not in the divisions. Its future is in patient building up of detente, not in bloc rivalry.

This was stated today by Yugoslav Secretary for Foreign Affairs Raif Dizdarevic in his toast at a formal luncheon given in honour of U.S. Secretary of State George Shultz.

Referring to the current international situation, Dizdarevic stressed that there could be no lasting peace or just solutions to the hotbeds of crises without respecting the interest and rights of the victims of such a situation. He stressed that the period of biggest strains between the big powers was gradually giving way to dialogues and negotiations.

Yugoslavia, together with the other nonaligned countries, said Dizdarevic, welcomes the meeting between Reagan and Gorbachev in Geneva as an event giving rise to hope and expectations that the course of relaxation and negotiation will be fostered.

"We point out that the policy of nonalignment and the Movement of Nonaligned Countries have formulated and offered the world a thorough concept of relations within the international community that, in our profound confidence, well meets the demands of the present day," said Dizdarevic.

Yugoslavia, in chairing the Group 77, strives for global as well as urgent settlement of the world's complex problems, especially the developing countries' position -- said Dizdarevic and noted that the Belgrade talks reaffirmed mutual concern over the stable development of friendly relations between the SFRY and the U.S.

Having thanked for cordial reception and hospitality, U.S. Secretary of State George Shultz pointed out in his toast that he agreed in general outline with what was said in Yugoslav Secretary for Foreign Affairs Raif Dizdarevic's toast.

Shultz went on to say that important ideas and prospects for the future have been presented here, that the development of the two countries' relations is significant for the two sides, and that their relations show that the two countries with the different systems can successfully cooperate in a positive way and to the mutual benefit.

This is very significant because we are living in a diversified world, said Shultz, and if we want to develop a world about which you spoke then we must look at this diversity in a constructive manner.

The U.S. secretary of state said that it was also with the Soviet Union that the U.S. was trying to establish similar cooperation, on a similar basis.

Shultz noted that in his view the Soviet Union realizes that the U.S. could not transform into a Soviet system, just as the U.S. was aware it could not transform the Soviet Union into a U.S. model. The U.S. and the Soviet systems differ, and would most likely remain so, he said and added that by using some of Yugoslavia's experience, the U.S. wished to build more stable relations.

Referring to the recent Geneva summit between Reagan and Gorbachev, Shultz said that the meeting was a good beginning. He set out that in Geneva Reagan and Gorbachev were not only representatives of the two countries, but also two human beings vested with responsibility by their governments.

Shultz said that although differences between the two countries were expressed in Geneva, in the end the possibilities showed up of accord around certain questions.

In stressing that the meeting of the two leaders was part of an extensive and diversified process, Shultz said that this event had its dimensions as regards economy, security, and culture. This, naturally, does not rule out the participation in this process by many other countries, which are its component parts, Shultz added.

Of the situation regarding the hotbeds of crisis, Shultz pointed out that in case of improved relations between the U.S. and the USSR, they would reflect themselves also on the improvement of conditions in the zones of crises, and, generally, on world relations.

In dealing with Yugoslav-American cooperation, Shultz said it was progressing constantly, although these are two countries with the different systems and foreign political orientations. It is exactly for this reason that this cooperation also has a broader international significance, Shultz said in conclusion.

Talks With Vlajkovic

LD171952 Belgrade TANJUG Domestic Service in Serbo-Croatian 1907 GMT 17 Dec 85

[Text] Belgrade, 17 Dec (TANJUG) -- This evening Radovan Vlajkovic, president of the SFRY Presidency, received George Shultz, U.S. secretary of state, who is on a visit to Yugoslavia. In the course of the talks, which lasted for over an hour, many issues concerning bilateral relations and international life were discussed.

Both sides expressed the desire for bilateral cooperation, which was described as good, to be further promoted on the well-known principles on which it is based at present. In this context reference was made to the usefulness of meetings at various levels.

The U.S. secretary of state stated that the United States respects Yugoslavia's independence and integrity. He underlined that relations between the United States and Yugoslavia have wider implications, and noted that they indicate a way in which cooperation between countries with differing social systems can develop.

The meeting between Reagan and Gorbachev in Geneva was the central subject in the talks devoted to international issues. The meeting was described as significant for overcoming the present unfavorable situation in international relations. This process, it was said during the talks, should include the entire international community.

Reference was also made to international economic problems. Their seriousness and global repercussions were noted.

Radovan Vlajkovic informed the U.S. secretary of state about the activity of the Nonaligned Movement within the context of the Luanda ministerial conference, and the preparations for the eighth summit in Harare. He also briefed his guest on Yugoslavia's relations with neighboring countries and its activity on the international scene.

Meets Planinc

LD171847 Belgrade TANJUG Domestic Service in Serbo-Croatian 1740 GMT 17 Dec 85

[Text] Belgrade, 17 Dec (TANJUG) -- Milka Planinc, president of the Federal Executive Council, today received U.S. Secretary of State George Shultz, who is paying an official visit to Yugoslavia.

In the course of the talks particular reference was made to the ways of expanding cooperation in the economic sphere. It was stated that possibilities for and mutual interest in increasing the volume of trade, particularly through increasing Yugoslav exports to the United States, do exist. Attention was also drawn to the importance of industrial and technological cooperation and to favorable prospects for joint investment which, it was noted, should occupy a more prominent role in overall economic relations.

The talks also touched upon bilateral financial and banking cooperation. Information about the current economic trends in the two countries was also exchanged.

The cordial and friendly talks were attended on the Yugoslav side by Raif Dizdarevic, member of the Federal Executive Council and federal secretary for foreign affairs; Zivorad Kovacevic, member of the Federal Executive Council; Mico Rakic, SFRY ambassador in the United States, and others. John Scanlan, the U.S. ambassador in the SFRY; Edward Derwinski an adviser in the State Department, and other officials were present on the U.S. side. Both sides reiterated their readiness to continue to promote Yugoslav-U.S. relations and cooperation in all spheres on the basis of jointly established principles.

Planinc Hosts Dinner

LD180235 Belgrade TANJUG Domestic Service in Serbo-Croatian 1930 GMT 17 Dec 85

[Text] Belgrade, 17 Dec (TANJUG) -- Milka Planinc, president of the Federal Executive Council, gave a formal dinner in honor of U.S. Secretary of State George Shultz in the Palace of the Federation in New Belgrade this evening. During the dinner, which proceeded in a cordial and warm atmosphere, formal toasts were exchanged.

Shultz News Conference

LD171924 Belgrade TANJUG Domestic Service in Serbo-Croatian 1809 GMT 17 Dec 85

[Text] Belgrade, 17 Dec (TANJUG) -- "I am very pleased with the reception I have had in Belgrade, where I have had a full working day of talks with Yugoslav officials. We examined bilateral relations and cooperation and I can say that, basically, these are developing quite well."

This was stated in his introductory speech by U.S. Secretary of State George Shultz at this evening's news conference for Yugoslav and foreign journalists held in the Palace of the Federation in New Belgrade.

Shultz then stated that the Yugoslav-American talks also encompassed a discussion of economic problems, including questions of international economic relations, basic security issues, and other questions such as East-West relations, relations with the USSR, and the recent summit in Geneva.

Then, Raif Dizdarevic, federal secretary for foreign affairs, addressed himself to the journalists and said, among other things:

"We are greatly honored that Secretary of State Shultz is paying a visit to our country. During the meetings and talks which were held prior to the arrival of the U.S. secretary of state in Belgrade, and right up to this moment, we have exchanged views on all aspects of our mutual relations. Proceeding from the assessment that we have good relations which are built on the well-known principles of differing systems and international positions, and differences in view on many issues, our two countries have a common interest in contributing through their mutual cooperation both to better mutual relations and to general conditions in the world."

Dizdarevic then said that he had exchanged views with the U.S. secretary of state on a large number of questions. He said that his guest presented very detailed views and assessments of the U.S.-Soviet summit, of what has been happening since the Geneva meeting, and of what will be happening in U.S.-Soviet relations in the future. They also discussed the activities of the Nonaligned Movement.

In conclusion, Dizdarevic said: "We are very pleased with the talks we have held. The exchange of views was informative, frank, and friendly."

The SFRY-U.S. exchange of views lasted from the time of the arrival of George Shultz, U.S. secretary of state, in Belgrade early this morning until this evening. This was stated by both the U.S. secretary of state and his host, Raif Dizdarevic, when they appeared before journalists at a press conference at the Palace of the Federation. The press conference was held immediately after the reception of the U.S. secretary of state by Radovan Vlajkovic, president of the SFRY Presidency.

According to both officials, the talks the U.S. secretary of state had with Vlajkovic, Milka Planinc, president of the Federal Executive Council, and Federal Secretary Dizdarevic covered all aspects of SFRY-U.S. relations and the latest international issues. George Shultz assessed his talks with the Yugoslav leaders as dynamic, while Dizdarevic added that they had been very informative, frank, and friendly.

Replying to questions from Yugoslav and foreign journalists accredited to Belgrade, as well as from the large group of reporters accompanying the head of the State Department on his European tour, in which his visit to Yugoslavia is the final stage, Secretaries Shultz and Dizdarevic put forward their countries' views on a number of international problems, including the relaxation of tension in the world, international terrorism, prospects for the renewal of the Soviet-American dialogue following the summit meeting in Geneva, and crisis areas.

The U.S. secretary of state emphasized that it is the duty of all countries to involve themselves in combatting international terrorism, and that the United States will always insist on that everywhere. Dizdarevic said that it is essential that all countries should involve themselves individually, that they should cooperate, and that Yugoslavia is also ready to cooperate with the United States on this question. The Yugoslav foreign secretary added, however, that it is wrong to equate liberation struggles and struggles against aggression and racism with terrorism.

Departure for Washington

LD180833 Belgrade TANJUG Domestic Service in Serbo-Croatian 0810 GMT 18 Dec 85

[Text] Belgrade, 18 Dec (TANJUG) -- Following his 24-hour visit to Belgrade, U.S. Secretary of State George Shultz left for Washington this morning aboard a special Boeing 707.

In a brief statement prior to his departure, the US secretary of state said that his talks with Yugoslav leaders had been very stimulating, and that this applied to all questions on which the two sides had exchanged views. "We manifested mutual understanding," said Shultz.

Yugoslavia was the last stop on the 10-day European tour by the U.S. secretary of state, during which he also visited London, Brussels, Bonn, Budapest and Bucharest.

In Belgrade yesterday Shultz had over 2 hours of talks with Raif Dizdarevic, federal secretary of foreign affairs. He was received also by Radovan Vlajkovic, president of the Yugoslav Presidency, and Milka Planinc, president of the Federal Executive Council.

At Belgrade Airport George Shultz was seen off by Federal Secretary Raif Dizdarevic, several of his assistants and other Federal Secretariat of Foreign Affairs senior officials, and also by the U.S. ambassador in Belgrade.

Commentator Reviews Visit

AU180916 Belgrade Domestic Service in Serbo-Croatian 2100 GMT 17 Dec 85

[Text] George Shultz, secretary of state, who is on an official visit to our country, has concluded the working part of his visit with talks and an informal dinner with Milka Planinc, president of the Federal Executive Council. Slobodan Kovacevic reports:

[Begin Shultz recording, in English] I appreciate the reception here in Belgrade... [end recording, Kovacevic begins his report] Raif Dizdarevic, federal secretary for foreign affairs, and George Shultz, U.S. secretary of state, gave a press conference in the Palace of the Federation this evening, at which they answered questions by foreign and Yugoslav journalists and presented their views on current international trends.

At a very well-attended conference, the foreign ministers spoke about the prospects of bilateral cooperation and the current international situation in the light of the Reagan-Gorbachev meeting in Geneva, the activities of the nonaligned countries in solving international problems, and some other subjects of interest to both sides. The two ministers took the opportunity at the conference to assess very highly the exchange of views and the latest Yugoslav-U.S. dialogue.

George Shultz began his very intensive contacts with the leading Yugoslav personalities today with talks with Raif Dizdarevic, his host. The talks were conducted in a cordial atmosphere and they were characterized by a frank and constructive approach [otvorenost i konstruktivnost]. The Yugoslav side underlined that this exchange of opinions, too, was carried out on the well-known principles on which Yugoslav-U.S. relations are based, these principles being respect for mutual interests considering the different international positions of the two countries, and the different socio-economic systems of the United States and Yugoslavia.

On the U.S. side, George Shultz pointed out that the government of his country respects the independent international position of Yugoslavia and positively assessed the Yugoslav efforts in economic stabilization.

In the talks between Secretary of State Shultz and Radovan Vlajkovic, president of the SFRY Presidency, the wish was mutually expressed that bilateral cooperation, assessed as good, may further advance. Radovan Vlajkovic informed the U.S. guest about the activities of the nonaligned countries movement in the context of the ministers' conference held in Luanda recently and the preparations for the eighth summit in Harare.

In the talks between George Shultz with Milka Planinc, president of the Federal Executive Council, bilateral subjects dominated. They especially talked about an expansion of cooperation in the economic field. It was assessed that all the opportunities and mutual interest exist so that the volume of trade may expand, primarily through increasing Yugoslav exports to the United States. Mutual financial and banking cooperation was also examined. Secretary of State George Shultz concludes his official visit to Yugoslavia tomorrow morning.

SHULTZ 'DISAPPOINTED' AT SFRY TERRORISM STANCE

AU180952 Paris AFP in English 0939 GMT 18 Dec 85

[Excerpt] Belgrade, Dec 18 (AFP) -- U.S. Secretary of State George Shultz left here today for Washington at the end of a 24 hour stay in the Yugoslav capital which was the final stop of a European tour.

Before leaving he said his talks with Yugoslav leaders had been very encouraging. But yesterday in press conference with Foreign Minister Raif Dizdarevic Mr. Shultz expressed disappointment at Yugoslavia's attitude toward terrorism.

He said he had been disappointed that Yugoslavia had not extradited Palestine Liberation Organisation official Muhammad 'Abbas, who the United States has said masterminded the hijacking of the Achille Lauro cruise liner.